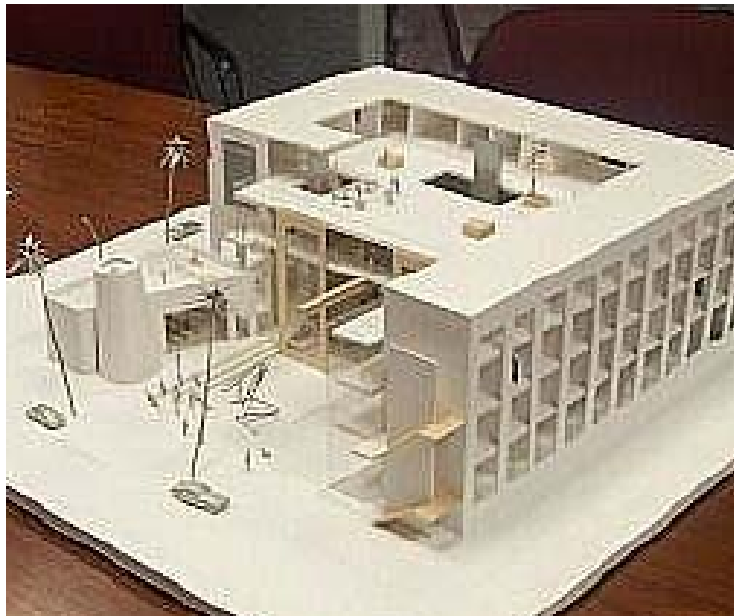


ART EXCHANGE FEASIBILITY STUDY

Submitted to:
The Long Beach Redevelopment Agency
&
The Art Exchange Task Force



DRAFT: 1/07/2004

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1. Executive Summary

Introduction

Marie Jones Consulting (MJC), at the request of the City of Long Beach Redevelopment Agency (RDA), has prepared a market and financial feasibility study for a proposed Art Exchange facility and supporting parking garage in the East Village of Long Beach. This report includes an overview of current market conditions for art studio space, arts education, galleries, and event venues, and a financial feasibility analysis of two project scenarios to test general feasibility for development. The report also includes an extensive case study analysis of comparable arts facilities, operations recommendations, next steps, and recommendations for development on the remainder of the block. Finally, the report identifies sources of available public subsidy, grants, and financing to improve the financial feasibility of the project.

Two alternatives were analyzed. Both the preferred alternative, a four-story 52,000 square foot facility, and the second alternative, a three-story 40,000 square foot facility, include art studios; a hot glass shop, an industrial arts workshop, and a ceramics studio; an arts education program serving at least 1,000 students per year; office space for the managing organization; a 3,000 square foot atrium event venue, rooftop event patio, and outdoor courtyard; and a parking garage.

Economic Impact

The Art Exchange project would offer benefits to the Long Beach community in four primary areas:

- As an economic development and visitor attraction
- A signature project connecting the East Village with the downtown
- Secured permanently affordable artist workspace
- A source of quality arts education for the community

Estimated economic development impacts include the creation or stabilization of 225 full-time-equivalent permanent jobs, \$7.2 million in local expenditures, \$4.8 million increase in household income, and \$300,000 in annual local tax revenues.

The proposed facility would also achieve Redevelopment Agency goals for the Central Redevelopment Project Area, in which the Arts District is conceptualized as a place where:

- Artists live and work;
- Arts related activities and events occur on a regular basis; and
- Tourists and visitors shop, dine, and are entertained in an environment that celebrates cultural diversity and artistic expression.

Market Analysis

Artist Studio Market

Overall, the Los Angeles market for accessible quality art studio spaces is strong. The market will support rent of between \$1.00 and \$1.25 per square foot per month for full-service space in the Art Exchange.

- Currently Long Beach artists pay \$0.77 triple-net per square foot for work-only studio space. Forty-nine percent of surveyed artists would consider paying more (\$0.90/SF) than they currently pay for a space in the Art Exchange.
- The typical Los Angeles artist actively seeking space is offering \$1.50/SF for a 350 square foot work studio.
- Long Beach art studios are currently on the market for \$0.87/SF per month triple-net, while comparable space in other areas of Los Angeles is \$0.92 to 1.86/SF.
- Comparable art centers around the country rent studio space for between \$1 and \$1.25 per square foot per month, and have zero vacancy, very low turnover, and a waiting list of one to ten years for studio space.

Event Market

The event and meeting market in Long Beach is good. The Art Exchange will primarily attract local weddings, social events, and some business events of 200–to 250 people who want an interesting event venue. Once established, the facility should attract from five to seven events per month at a rental rate of \$2,500 to \$3,000 per event.

- Eight interviewed event planners indicated that the Art Exchange would be attractive for weddings, business parties, and social parties. Event planners felt that the space would rent well for between \$2,500 and \$3,000 per event, with most events occurring on Friday and Saturday nights and Sunday.
- Downtown Long Beach hotels charge between \$2,000 and \$3,000 per event for comparable space. Hotel occupancy rates of comparable event space range from 50 to 60 percent with an average of 55 percent. Nontraditional event venues charge slightly more (\$4,000) for a slightly larger space (3,400 square feet). However, occupancy ranges sharply from ten to 100 percent depending on venue desirability.

Art Education Market

The Long Beach community has sufficient demand for the Art Exchange to offer at least 100 art courses per year, serving roughly 1,500 students and generating approximately \$450,000 in gross revenue.

Gallery Market

The East Village has a number of low-performing art galleries, and at least initially, this gallery is unlikely to generate more than a modest \$40 per square foot in total sales per year. In comparable art facilities, galleries do not generate significant income, though they play an important role in attracting visitors.

Development Program

MJC modified Studio 111 conceptual plans to reflect the market analysis and defined a development program for two distinct Art Exchange facility configurations: a three-story 40,000 square foot facility, and a four-story 52,000 square foot facility.

- The three-story development program contains 45 artist studios, three fine art classrooms, an art gallery, a hot glass shop, an industrial workshop, a ceramics studio, an event venue and kitchen, four administrative offices, three pair of bathrooms, freight and public elevators, storage areas, and a loading dock. With an administrative use permit this facility would require roughly 126 parking spaces and without such a permit it would require 200 spaces.
- The four-story development program encompasses 66 artist studios, six fine arts classrooms, an art gallery, a hot glass shop, an industrial workshop, a ceramics studio, an event venue and kitchen, five administrative offices, four pair of bathrooms, freight and public elevators, storage areas, and a loading dock. This facility would ideally require 205 parking spaces (with an administrative use permit) but may require as many as 279 spaces.

Feasibility

Based upon the research and analysis set forth in the study, MJC believes that there is sufficient market support for both Art Exchange development scenarios. Project development proformas prepared by MJC demonstrate, based upon identified assumptions, that the Art Exchange facility is financially feasible if the project is financed through a combination of low-interest bonds from the State of California's State Infrastructure Development Bank. To obtain financing through the state bonding mechanism, the new nonprofit operating entity (the Art Exchange) would require a loan guarantee from the City of Long Beach or other entity. The bond would be paid back by income generated from studio rentals, events, and parking fees. The total bond amount would be \$11.9 million for the 52,000 SF scenario and \$8.7 million for the 40,000 SF alternative. Both scenarios will require a \$4.2 million capital campaign, a not-unusual sum for a community arts project of this magnitude. Based on this funding scenario, the project would operate in the black in the first year with a growing surplus in subsequent years.

Alternatively, if the project is financed with a conventional mortgage at 7 percent with a twenty-year term, project income will support much less debt. Consequently, the 52,000 SF project would require an \$11 million capital campaign, while the 40,000 SF project would require a \$7.6 million capital campaign. Such significant capital campaigns would present a challenge to the success of the project.

Operation Recommendations

MJC interviewed executive directors of comparable art centers to collect recommendations and lessons learned from their experience operating similar facilities. Among their more salient points were these:

- The Art Exchange should own, manage, and operate all programs and the building under one nonprofit organization to ensure affordable rents and a quality arts education program. However, as a nonprofit, the center should be managed like a business to create profit for reinvestment in the organization. Specifically, the center should be managed by professional staff to ensure business growth and quality programming. A diverse board of directors should include representatives from city government, the Redevelopment Agency, the real estate/development

industry, the East Village Association, the chamber of commerce, and the Long Beach arts and education communities.

- Art Exchange staff should work collaboratively with neighborhood residents, merchants, and city government to ensure that the center realizes and publicizes its benefits to the East Village and the City of Long Beach.
- Tenant artists should be selected through a professional juried process, and selected artists should be re-juried on a three-year cycle to make certain that studios are actively used. The Art Exchange should set a minimum number of hours per year for each studio to be actively in use. Active use is essential to increased tourist traffic and to the fulfillment of the project's economic development benefits.
- The Art Exchange should offer quality, accessible, hands-on art classes that serve the Long Beach market. All art instructors ought to have teaching experience.

Next Steps

MJC developed a list of next steps and a time line for each. Key steps are listed below:

- Form or select an existing 501(c)(3) to own and operate the building. Recruit a diverse board of directors to assist with the development and management of the building. For the development phase, the board should specifically include experts in development, financing, and facilities management.
- Seek initial equity and gain site control, for without site control few philanthropists or foundations will contribute to the capital campaign.
- Pursue additional funding to support further predevelopment activities, such as a capital campaign feasibility study and project staffing.
- Obtain necessary entitlements (zoning variances, permits, etc.).
- Initiate the capital campaign.
- Undertake design and engineering activities.
- Obtain project financing and a loan guarantee.
- Undertake construction of the facility.
- Occupy the building and initiate facility programs.

Potential Sources of Funding

Many potential funding sources are available to help bridge the financial feasibility gap for the Art Exchange. Examples of sources identified through research for this report include:

State Programs

- The State Infrastructure Bank originates state-sponsored bond financing for nonprofit organizations, typically at 2 percent below prime for a fifteen- to thirty-year term. Bonds can finance 20 to 100 percent of project costs of more than \$2,000,000. There is no upper limit on the bond amount.

Local Programs

- Redevelopment Tax Increment: Use Redevelopment Agency tax increment collection powers to issue bonds or to provide a bond guarantee.
- LISC provides debt financing and loan guarantees to nonprofit facilities.

Foundations

- The Kresge Foundation provides grants of \$150,000 to \$2 million for art facility projects.
- The Ford Foundation provides grants of \$100,000 to \$500,000 for art-related capital projects.

Conclusion

Development of the Art Exchange offers a unique opportunity to stimulate economic activity in the East Village and improve connections between the East Village and downtown Long Beach. To the extent that the Art Exchange attracts daily visitors, it will also benefit revitalization of the surrounding blocks within the East Village.

Current market conditions are good for this facility at the proposed location. Creative use of tax increment financing, low-interest bonds and other forms of financing will help to ensure a financially self-supporting facility.

The Art Exchange also offers a unique opportunity to create a focal point for Long Beach's cultural and artistic strengths. This project clearly fits city goals with regard to the East Village. Consequently, the City may find that assisting community members to achieve the project's capital campaign requirements is congruent with City goals.

2. Study Purpose & Methodology

Purpose

This comprehensive feasibility study for the proposed Art Exchange project in the East Village includes a market analysis, conceptual plans, building development proformas, and operations budgets for two development scenarios. The purposes of this study are to:

- Identify and quantify the market support for the project in terms of art studios, event use, arts education, and the art gallery;
- Maximize the facility design to meet the market needs for art studio, event, arts education, and retail uses;
- Complete the project's development program and parking requirements;
- Identify specific green building features for the project;
- Generate detailed estimates of the hard and soft costs associated with each scenario;
- Develop project feasibility analyses (development proformas) to ascertain potential income and the capital campaign requirements for the scenarios to be financially self-supporting;
- Develop an operating budget and operating recommendations for the project;
- Identify potential financing and funding sources for the project; and
- Outline next steps.

Methodology

Community and Project Meetings

MJC met with the Art Exchange Task Force four times during the study. The Task Force provided project guidance and reviewed preliminary results during each meeting. In addition, on December 4 over 100 artists and community residents, City Council members Dan Baker and Bonnie Lowenthal, members of the Task Force, and the consultant met for three hours to discuss the project and initial study findings.



Evaluate Market Demand for the Art Exchange

MJC assessed the current market demand for the proposed art studios, gallery, gift shop, and event uses.

- To gauge studio demand, MJC surveyed the Long Beach artist community regarding current studio use and future studio requirements. MJC also collected market comps of existing artist studio space in the City of Long Beach and surrounding communities.
- To measure market demand for additional event space, Marie Jones collected vacancy and event rental rate information for comparable venues in downtown Long Beach. MJC also interviewed eight local event planners to further quantify event venue market demand, desirable venue attributes, and interest in the Art Exchange.
- To quantify the existing arts education market within the City of Long Beach, MJC gathered data about art classes, course fees, and topics from major art education programs in Long Beach.

Development Program & Conceptual Plans

Based on the above analysis, MJC identified market-supported uses and square footage for the Art Exchange. MJC revised project conceptual plans based on the refined development program and the market analysis. In addition, MJC identified unique construction requirements for artist studio and industrial arts space and specified green building materials and techniques that could be incorporated into the Art Exchange facility to help achieve LEED certification in accordance with the goals of the city's Green Building Policy.¹

Develop Operations Proforma for the Art Exchange

MJC prepared and analyzed development and operating proformas for two configurations of the Art Exchange facility. The proformas analyses are based on the market analysis, case study findings, development program, and detailed cost estimates prepared by cost consultant Oppenheim|Lewis.

Art Exchange Operations

Based on the market analysis and a detailed set of five case studies, MJC developed best-practice ownership and management strategies for the Art Exchange. Specifically, MJC:

- Interviewed the directors of five model arts facilities: ActiveSpace, the Crucible, the Torpedo Factory, the Umbrella Center for the Arts, and the Rockville Arts Project. The case studies identify key lessons learned and operational strategies for successful public fine art facilities.
- Developed operating budgets for the two alternative Art Exchange development scenarios.

¹ LEED (Leadership in Energy and Environmental Design) is the national green building standard of the US Green Building Council.

- Prepared operation recommendations for the facility, which cover facility development, management, staffing, artist roles and responsibilities, arts education programs, and event management.

Development of the Remainder of the Block

For this task, Marie Jones developed specific recommendations for other uses on the block that would contribute to the viability of the Art Exchange and strengthen its economic development impact.

Financing & Funding Sources

MJC profiled potential financing sources for the development of the Art Exchange project, including foundation, state, federal, and city sources.

Final Report & Presentation

MJC prepared a draft report for Task Force review and comment. The draft report was revised based on comments and presented to the Redevelopment Agency for its consideration.

3. Art Exchange Overview & Background

IMPACTS

The Art Exchange project would offer benefits to the Long Beach community in four primary areas as:

- An economic development and visitor attraction;
- A signature project for the East Village;
- Secured, permanently affordable artist work space; and
- A source of quality arts education programs for the community.

1. Economic Development

The Art Exchange will act as an anchor tenant and help to revitalize the Arts District by bringing visitor traffic to the site.

The arts sector is a powerful economic engine for community revitalization and economic development, and it is a critical ingredient to our new understanding of economic development. Today, planners and city officials think more broadly about economic development than they have in the past. Most recognize that:

- It is as important to attract smart people as it is to attract major employers to a community;
- Physical and cultural amenities are critical to attracting and retaining smart people, which is much more important than being the cheapest or most “business friendly” place to do business;
- Economic development will come only through bold partnerships between government, businesses, and nonprofits.

According to a recent report by Americans for the Arts, the U.S. nonprofit arts industry generates \$135 billion in economic activity each year. In addition, the nonprofit art sector employs 4.85 million full-time-equivalent jobs and contributes \$6.6 billion to local government revenue.² The impact of arts in community development can be measured in tax revenue, job creation, increased tourism, social services, urban revitalization, and improved community image.

Visitors to art events and facilities generate related commerce for hotels, restaurants, garages, and other services. A number of communities have arts centers that focus primarily on the visual arts, and case studies of five of these centers are included in this report.

“Cultural activities attract tourists and spur the creation of ancillary facilities such as restaurants, hotels, and the services needed to support them. Cultural facilities and events enhance property values, tax resources, and overall profitability for communities. In doing so, the arts become a direct contributor to urban and rural revitalization.”

—National Governors Association
“The Role of the Arts in Economic Development,” 2001

In order to estimate the anticipated economic development impact of the proposed Art Exchange, MJC has undertaken two approaches.

² *Arts & Economic Prosperity: The Economic Impact of Nonprofit Arts Organizations and Their Audiences*, Americans for the Arts, June 10, 2002.

For the first approach, MJC used benchmark data from the Arts and Economic Prosperity study of Americans for the Arts. The study analyzes the economic impact of over 105 arts organizations across the country to generate standard economic development multipliers for direct and indirect job creation, expenditures, household income, and local government revenue. MJC used the standard multipliers to estimate the potential impact of the Art Exchange. As indicated in Table 1 below, the analysis indicates that the facility will:

1. Create approximately 37 FTEs employed at the facility as Art Exchange staff and part-time arts educators.
2. Stabilize from 35 to 50 full-time equivalent artists housed in the facility as independent businesses. While the facility will offer 44 to 66 studios, some artists will continue to hold other employment in addition to their art business. These independent artist business owners will themselves generate approximately \$944,000 in new household income through the Art Exchange.
3. Attract as many as 200,000 visitors per year resulting in increased net expenditures of \$4.7 million in downtown Long Beach. According to the *Arts & Prosperity* study the average cultural tourist spends \$22.87/person on hotels, restaurants, parking, and souvenirs per visit to an arts facility. Cultural tourism is a growing sector of the tourism market, and the Art Exchange could increase Long Beach's reputation as a cultural tourist destination.³
4. Create approximately 153 indirect jobs as a result of increased tourism.
5. Generate approximately \$280,000 in increased local tax revenue from income, sales, and hotel occupancy taxes.

Table 1A: Economic Impact of the Art Exchange

Model Assumption: \$1,300,000 operating budget and 200,000 visitors per year

	Total Expenditures	FTE Jobs	Household Income	City Tax Revenue
Direct Impact of Art Exchange Facility*	\$ 1,300,000	37	\$ 1,012,531	\$ 49,283
Direct Impact of Art Exchange Artists **	\$ 1,212,162	35	\$ 944,117	\$ 45,953
Impact of Art Exchange Visitors	\$ 4,722,000	153	\$ 2,866,679	\$ 188,455
Impact of Art Exchange Facility, Artists & Visitors	\$ 7,234,162	225	\$ 4,823,327	\$ 283,691

Definitions

* *Economic impact of arts education, building and event operations.*

** *Economic impact of individual artists*

Total Expenditures: The total dollars spent by Art Exchange and visitors; event-related spending by arts audience is estimated using the average dollars spent per person by arts event attendees in similarly populated communities.

FTE Jobs: The total number of full-time equivalent (FTE) jobs in Long Beach that are supported by the expenditures made by the Art Exchange and its audiences. An FTE can be one full-time employee, two half-time employees, four employees who work quarter-time, etc.

Household Income: The total dollars paid to community residents as a result of the expenditures made by the Art Exchange and/or its audiences. Household income includes salaries, wages, and proprietary income.

Government Revenue: The total dollars received by City of Long Beach and State of California (e.g., license fees, taxes) as a result of the expenditures made by the Art Exchange and/or its audiences.

For a more facility-specific yet perhaps less statistically valid method for calculating the economic impact, MJC derived multipliers from an Economic Impact Report for the

³ Cultural travelers differ from other U.S. travelers in a number of ways: they spend more per person per trip (\$631 vs. \$457), are older, more likely to be retired, and more likely to have a graduate degree; use a hotel, motel, or B & B more often; travel longer and are more likely to shop than the typical traveler.

Torpedo Factory, one of the more successful comparable facilities described in Appendix A. The Torpedo Factory, similar in scope and program to the Art Exchange, is a good comparable source for economic development multipliers for the Art Exchange once all its programs are running at capacity. As Table 1B indicates, the Torpedo Factory has sizeable economic impacts on the Alexandria economy. If the Art Exchange attracts just 25 percent of the visitors that the Torpedo Factory attracts, the Art Exchange could have momentous impacts on the East Village, including the following:

- It would attract 200,000 annual visitors, 166,000 of which would be from out of town and 40,000 of which would visit Long Beach specifically to see the Art Exchange.
- Visitors would spend \$13 million on lodging, food, and auto-related and other items. Of this amount, visitors would spend \$550,000 at the Art Exchange itself.
- This economic activity would generate \$440,000 in additional City tax revenue per year.
- Finally, the artists themselves would spend around \$200,000 per year in the City of Long Beach for supplies, business services, and business meals.



Table 1B: Art Exchange Potential Economic Impacts

Impact	Art Exchange Estimate	Torpedo Factory Actual
Total Square Feet	52,000	71,318
Total annual visitors	200,000	820,000
Visitors from out of town	166,000	681,000
Travelers visiting city solely for art facility	40,000	163,000
Spending by all out of town visitors	\$ 13,300,000	\$ 54,600,000
Lodging	\$ 2,600,000	\$ 10,640,000
Food	\$ 4,800,000	\$ 19,670,000
Auto-related	\$ 900,000	\$ 3,720,000
Other	\$ 4,980,000	\$ 20,440,000
Dollars spent per visitor	\$ 80	\$ 80
Visitor spending at art facility	\$ 560,000	\$ 2,300,000
Tax revenues generated for City	\$ 439,000	\$ 1,800,000
Total tenant artists	80	160
Artist expenditures in city for supplies and services	\$ 200,000	\$ 398,000

Source: MJC, 2003; Torpedo Factory Art Center Visitor Impact Study, International Institute of Tourism Studies George Washington University, 1994

Neither of these analyses captures the indirect benefit of the Art Exchange on the perceived desirability of the Long Beach community and the corresponding increase in property values, economic activity, and revitalization that may result.

2. Serve as an Identify Project for the East Village

As an identity/signature project, the Art Exchange will help to define the East Village Arts District and activate a major gateway to downtown.



Long Beach Boulevard is a gateway to downtown Long Beach for auto and mass-transit users. Currently, Long Beach Boulevard presents two contrasting faces to visitors. The recently completed urban infill mall is a tasteful outdoor mall of moderate-end high-volume outlets such as Ross and Wal-Mart. However, the remainder of downtown Long Beach Boulevard speaks of past disinvestment and underutilization. Currently, Long Beach Boulevard does not visually indicate to visitors that they are in an Arts District or that they are near the East Village's historic retail area with its considerable charm. The Art Exchange, a facility with active viewing of glassblowing from the street, could change that by becoming a focal point and identity project for the East Village. By offering activated art studio spaces for fine artists (painters, sculptors, weavers, jewelers, etc.) and industrial artists (glass, metalworking, ceramics) the Art Exchange would create a unique industrial and fine arts identity for Long Beach. By showcasing industrial artists in particular, the Art Exchange would be especially attractive to visitors who enjoy the spectacles of glassblowing, torch work, and pottery. Serving as a gateway project for the Arts District, the Art Exchange could bring more tourists to other East Village merchants and hotels and improve connections between Lincoln Avenue and the East Village.

3. Provide Quality Affordable Artists' Workspace

By providing secure, highly visible, quality artist workspace at a reasonable price, the Art Exchange could help bring back Long Beach's historic role as an artist colony.



East Village Art Park

By offering affordable studio spaces, the Art Exchange would help to retain fine and industrial artists and bring them together into one location in

downtown. Over the long term, the facility may improve the business performance of studio artists by providing an excellent marketing venue, ready access to customers, the opportunity to teach for additional income, and opportunities to improve artistic skills and undertake collaborative projects.

4. Revitalize Arts Education

By providing quality arts courses, the Art Exchange can help to revitalize Long Beach's arts education offerings and add to the quality of life for people of all economic and cultural backgrounds.



A strong art education program can make an environment more attractive for “creatives” and “knowledge-workers,” the source of tomorrow’s innovations and new businesses. Indeed, many communities are actively working to attract this workforce through the formation of arts education programs, arts districts, and arts facilities, which in turn attract businesses in emerging economic sectors.

Additionally, in the past two decades, California schools have experienced drastic cuts in art education, and many youth experience art only outside the schoolyard. An active art education program at the Art Exchange could provide young people with a creative and vibrant outlet. For example, the Crucible’s Spark program in Oakland, California, provides industrial arts education courses to troubled and disadvantaged youth with great success. Likewise, City Heights, a community development organization in San Diego, California, provides youth empowerment through a public arts program, where youth transform deteriorated public alleys into positive neighborhood serving spaces. Art and photography have also been used to provide opportunities for youth to document and react to neighborhood conditions.

EXISTING ARTS COMMUNITY IN LONG BEACH

The City of Long Beach is well known throughout the LA basin as the home of accomplished artists, creating a unique local art scene. Long Beach’s reputation as an artist center has developed through a variety of mechanisms, including the designation and development of the East Village Arts District, which is becoming a supportive, artist-friendly community. The District is a forty-block urban art village in Downtown Long Beach located within walking distance of cultural



attractions such as the Performing Arts Center, the new Edison Theatre, and Pine Avenue, an excellent shopping and entertainment venue.

The East Village Arts District is home to a variety of arts organizations, such as:

- The Public Corporation for the Arts (PCA), the arts council for the City of Long Beach, which is the focal point for most art and cultural related activities. The PCA serves as an information clearinghouse for over 600 emerging, midcareer, and professional fine artists and over 100 cultural arts organizations.
- The East Village Association, which has initiated a variety of arts-supporting activities, such as the monthly Second Saturday Art Walks and Art Expo, the Art Park (a new “pocket park” with a stage, seating, sculpture, and native landscaping), and the proposed Art Exchange facility.

- Noteworthy tourism and arts organizations such as: the Museum of Latin American Art (MoLAA), the only museum in the western United States dedicated exclusively to contemporary Latin American art; the Long Beach Symphony Orchestra; the Freedomist Art Center and Exhibition Space, commonly referred to as F.A.C.E.S; Casa de la Cultura de Long Beach; and Centro CHA.
- A variety of art galleries and art cafés such as the Long Beach Arts community gallery, Portfolio, Coffee Haven, Two Umbrellas, Monsoon Art Café, Mango Fool, the East Village Café, and Utopia.
- New and proposed artist lofts and live/work projects such as 701 Pine Avenue.
- Restaurants and shops, which bring additional visitors and residents to the area.

The East Village Arts District also has many historic and architecturally unique buildings, which add to the arts ambiance. While the proposed facility will be new construction, it should architecturally complement the historic fabric of the East Village.



ART EXCHANGE PROJECT HISTORY

In 1999 members of the then-forming, Art Exchange Task Force invited the executive director of the Torpedo Factory to Long Beach to generate interest in the concept. The Torpedo Factory's executive director gave a presentation to the public, which was well attended by the artist community and targeted meetings with city council members, the city manager, assistant city manager, and the Redevelopment Agency director. These meetings helped to galvanize support for, and understanding of, the Art Exchange concept.

In 2001 the task force began working with Allen Pullman of Design 111 to develop conceptual plans and a scale model for the Art Exchange. The task force used the conceptual plans and model to pitch the project concept with City Councilmember Dan Baker, City Councilmember Bonnie Lowenthal, and Assemblymember Alan Lowenthal. The task force also presented the refined vision and conceptual plans to the West End Community, C-PAK, and the Redevelopment Agency. As a consequence of these meetings, each constituency expressed strong and ongoing support for the project.

The task force next considered a variety of locations for the Art Exchange, including the Vons site on Atlantic and Broadway, the Armory, and the police department parking lot at Broadway and Long Beach Boulevard. The task force prefers the parking lot site for the Art Exchange because of its:

- High visibility on a major gateway to downtown Long Beach;
- Ability to connect the downtown, Pine Avenue, and the Arts District by providing a tourism draw; and
- Excellent transit access to the M line and the Long Beach Transit Center.

In early 2003 the Redevelopment Agency released a competitive RFP, interviewed four teams, and engaged Marie Jones Consulting to complete this feasibility study.

4. Detailed Demand Analysis

The East Village is revitalizing its reputation as an artist community. Art galleries, historic architecture, affordable space, a multicultural community, area tourist attractions, and the excellent climate and coastal location all conspire to make the East Village a successful arts district. In the following section, MJC has detailed the current demand and supply of artist studio space, event space, and arts education in order to measure the market demand for the proposed project and programs. Key findings from the analysis of five comparable artist facilities (detailed in Appendix A) provide additional insight into the market for the proposed project.

ARTIST STUDIO SPACE

Studio Demand

In order to judge interest in and demand for artist studio space in Long Beach, MJC surveyed Long Beach artists. Demand for artist studio space from the greater LA area was also estimated by tabulating art studio space wanted notices on Craig's List.

The artist survey was designed to measure artist interest in and demand for artist studio space and was mailed by PCA and City Councilmember Dan Baker's office to over 600 visual artists in the City of Long Beach. The survey was returned by 53 Long Beach artists. (Please see Appendix B to review a copy of the survey.) The survey found that:

- Long Beach artists are diverse and multitalented, as a majority work in more than one medium: 58 percent of artists are engaged in painting, 31 percent create sculpture, 31 percent work in mixed media, 21 percent pursue photography, 17 percent are involved in printmaking, 19 percent do ceramics, 13 percent work wood, 13 percent create digital art, 13 percent complete installations, 10 percent work in fiber, 6 percent work in glass, 4 percent make jewelry, and 2 percent work in the book arts.
- Thirty-eight percent of artists are emerging artists, 39 percent view themselves as midcareer, and 21 percent are established artists.
- Most artists (63 percent) work in home-based or live-work studios, 33 percent labor in work-only studios, and 3 percent have no studio.
- Long Beach artists typically rent their space and work alone: 52 percent lease or rent their space, and 83 percent work alone.
- A typical studio space in Long Beach is 300 square feet. Most Long Beach artists are long-term residents, occupying their current space for an average of 6.5 years.
- Artists pay on average \$0.77 per square foot for work-only artist space.
- Forty-nine percent of surveyed artists would consider paying more for a space in the Art Exchange, while 37 percent would not pay more than their current rent and/or are not interested in having a space in the Art Exchange. Long Beach artists are willing to pay \$0.90/sq. ft. on average for a space in the new facility.

Long Beach artists were asked to identify amenities that they need in a work space, and, as indicated in Table 2 below, the most popular amenities were water hookup and sink, phone/Internet connection, and operable windows.

Table 2: Preferred Amenities for Art Exchange Studios

	% of Artists Desiring Amenity
Water hookup/sink	81%
Phone/Internet connection	71%
Operable windows	60%
Concrete floor	46%
High ceilings	44%
Hood/ventilation	33%
Gas connection	31%
220/240 electric	29%
Pressurized air	25%
Loading dock access	17%
Hazardous chemical storage	15%

Source: MJC, 2003; Artist Survey, 2003

MJC also quantified offered rents by artists seeking space. As indicated in Table 2, a wide variety of artists are currently seeking studio space in the LA region. The typical artist in search of space is willing to pay \$1.50/square foot for a 350 SF studio. This figure is higher than the average studio rent paid by Long Beach artists because the Long Beach market is slightly less expensive than those of Santa Monica and West L.A. Most artists in search of space are engaged in the fine arts, while about 20 percent are involved in industrial arts.

Table 3: Studio Space Demand, Los Angeles Area, September 2003

Type of Artist	Required Sq. Ft.	Offered Rent	Rent Offered/ SF	Preferred Location
Book Artist	500	\$ 650	\$ 1.30	Santa Monica
Writer/illustrator	500	\$ 500	\$ 1.00	Westside, Venice
Painter	300	\$ 300	\$ 1.00	LA
Painter	150	\$ 300	\$ 2.00	West LA
Painter	800	NA	NA	LA
Painter	300	\$ 450	\$ 1.50	Westside
Sculptor & Installations	150	NA	NA	LA
Sculptor	1,500	\$ 3,000	\$ 2.00	Santa Monica
Graphic Designer	800	NA	NA	LA
Photography	1,000	\$ 1,200	\$ 1.20	LA
Film maker/editor	200	NA	NA	LA
Film Composer	150	NA	NA	LA
Sound Artists/Editor	400	\$ 600	\$ 1.50	LA
Fiber arts	200	\$ 500	\$ 2.50	LA
Average	496	\$ 833	\$ 1.56	
Median	350	\$ 500	\$ 1.50	

Source: MJC, 2003; Craig's List, 2003.

Desirable attributes for studio space include: high ceilings, natural light, large windows, hardwood floors, secure parking, skylights, access to other artists, and storage space.

Competitive Studio Supply

An analysis of current studio supply, detailed in Table 4, indicates that Long Beach studios lease for an average of \$0.87/square foot per month triple-net, while comparable space rents for \$0.92–\$1.86 in other key areas of Los Angeles.⁴ Long Beach studios also tend to be larger than comparable studios in other communities because they are cheaper. Overall, artist studios rent for an average of \$1.22 per square foot per month in the L.A. region. However, most of these studios have limited amenities. The most common amenities are high ceilings, parking, and hardwood floors. In addition, most quoted rents are triple-net (NNN) and therefore exclude utilities, insurance, and real estate taxes, which are additional costs to the tenant. Full-service space, such as envisioned for the Art Exchange, should rent for a 20 percent premium over triple-net rents.

Table 4: Artist Studio Space for Rent, Fall 2003

Facility/Location	Average Size (sq ft)	Median Size (sq ft)	Average Rent	Median Rent	Average Rent Per sq ft	Median Rent Per sq ft
Long Beach (N = 6)	1,050	925	\$ 669	\$ 675	\$ 0.87	\$ 0.71
Venice (N = 7)	850	450	\$ 1,664	\$ 750	\$ 1.86	\$ 2.00
Downtown Los Angeles (N = 16)	1,565	700	\$ 1,213	\$ 575	\$ 0.92	\$ 0.80
Other Area Studios (N = 17)	1,267	933	\$ 1,663	\$ 800	\$ 1.39	\$ 1.34
All Areas	1,201	683	\$ 1,289	\$ 660	\$ 1.22	\$ 1.16

Source: MJC, 2003; Craig's List, 2003.

Comparable Art Facilities: All nonprofit arts facilities profiled in the case studies (see Appendix A) rent studio space for between \$1 and \$1.25 per square foot per month, have zero vacancy rates, very low turnover rates, and artist waiting lists of one to ten years. In addition, all have a juried artist selection process, which constrains the number of artists able to get on the waiting list for available space.

Studio Market Summary: Overall, the Long Beach market will support studio rents of between \$1.00 and \$1.25 per square foot per month for full-service space. The facility should offer medium-sized studios of approximately 300 square feet and some larger studios of 600 square feet for shared spaces and more successful artists. Key studio amenities include a sink, phone connection, and operable windows.

LOCAL EVENT AND MEETING MARKET

MJC interviewed meeting and event planners and hotel and event facility operators in the Art Exchange primary trade area to identify and quantify market support for events in the proposed Art Exchange facility.

Event Demand

MJC interviewed eight event planners who indicated that the Art Exchange would be most attractive for weddings and business and social parties. Event planners noted

⁴ Full-service rent: All costs of operation are paid by the landlord up to a base year or expense stop. Triple-net rent: All costs of operation including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a pro-rata basis.

that the Long Beach market has a dearth of interesting event venues that seat from 200 to 250 people (2,500 square feet), and they recommend that the Art Exchange include an event venue of this size. In addition, the facility should be capable of accommodating a rooftop ceremony, a sit-down dinner for 200, a 500 square foot dance floor, and an outdoor area for cocktails. Additionally, corporate event planners were particularly interested in incorporating an outdoor area with viewing access of the hot glass shop and the industrial studio to profile interesting demonstrations during corporate events and parties. Finally, event planners felt that the space would rent well for between \$2,500 and \$3,000 per event, with most events occurring on Friday and Saturday nights and Sunday during the day. Event planners also recommended amenities that the facility should offer to maximize its attractiveness as an event location, and these amenities are detailed in Chapter 5.

Competitive Event Supply

As Table 5 indicates, most event venues are priced on a per person basis for the event space, food, and beverage. The typical wedding event space is 1,800 square feet and serves 120 seated or 200 standing guests. Hotels charge between \$2,000 and \$3,000 per event for a 2,500 square foot space, and occupancy rates range between 50 and 60 percent, with an average of 55 percent.

Table 5: Long Beach Event Space

Hotel or Event Space	Number & Size (sq. ft.) of Rooms	Capacity (seated/ standing)	Room Rate	Occupancy Rate	\$ per Sq. ft.	Typical Client
Hyatt Regency Hotel	6 (925)	60/150	\$600 + F&B	NA	\$ 0.27	
200 S Pine Street	7 (1,000 - 1,500)	100/150	\$750-\$1500 + F&B		\$ 0.75	Conventions, conferences,
562-624-6034	3 (3,000 - 5,000)	280/450 - 250/600	\$2000 - \$3000 + F&B		\$ 0.67	weddings, meetings,
Robin Chilcott	10,000	1000/1500				seminars, break out sessions
Long Beach Hilton	4 (169-494)	10/20 - 50/60	\$175/day + F&B		\$ 0.37	Meetings, seminars, break out
2 World Trade Center	4 (600-1680)	60/70 - 100/200	\$400/day + F&B	50%	\$ 0.40	sessions, conventions,
983-3400	1 (4700)	200/500	\$950/day + F&B	60%	\$ 0.20	conferences, weddings
Tanya	1 (9730)	450/1,000	\$3,000/day + F&B		\$ 0.31	
Long Beach Marriott	2(600, 750)	50/55 -60/110	\$300	60%	\$ 0.50	Conferences, weddings,
4700 Airport Plaza Dr.	2(1200 -1500)	90/100 - 130/225	\$1,500		\$ 1.00	parties
425-5210	1 (6000)	500/900	\$2,400		\$ 0.40	
Art Rossales						
Queen Mary Hotel	2 (600, 720)	55/50 - 60/70	\$40/person for toast	NA		Weddings, parties,
1126 Queens Hwy	6 (1900 - 3100)	120/200 - 220/450	\$63/person for dinner			conferences, meetings
435-3511	2 (4600, 7500)	300/650 - 450/800				
Maria burk	9000	750/1300				
Westin Long Beach	400	40/45	\$200 - \$300	NA	\$ 0.75	Conferences, meetings,
333 E Ocean Blvd	2(1500-2500)	100/110 - 200/325	\$3,000		\$ 1.20	weddings, parties
436-3000	1(13000)	1000/1500	\$5,000		\$ 0.38	
Mandy						
Average	1,845	120/200	\$ 1,960.20	55%	\$ 0.70	

Source: MJC, 2003

MJC also queried nontraditional event locations, such as the Latin American Museum of Art, the Sky Room, and Hanger 1018. As indicated in Table 6, these nontraditional event venues are probably more directly comparable to the Art Exchange event venue. These facilities charge slightly more on average than hotels (\$4,000) for a slightly larger space (3,400 square feet). However, occupancy tends to vary significantly, from 10 to 100 percent, depending on the location's desirability.

Table 6: Long Beach Unique Event Space, Fall 2003

Event Space	Number & Size (sq. ft.) of Rooms	Capacity (seated/standing)	Room Rate	Occupancy Rate	\$ per Sq. ft.	Typical Client	Comments/Amenities
Hanger 1018 1018 Santa Fe Ave. Los Angeles, CA 90021 310-447-4967	1 (3000)	220/450	\$ 4,500	NA	\$ 1.50	Special Events, Parties, Concerts, Gallery Openings, Film/Photo/TV./Video Shoots	Live/Work Loft Warehouse Space
Latin American Museum of Art 628 Alamitos Ave Long Beach CA 562-437-1689 Viane Gonzales	1 (800) 3(1245-2000) 5900	50/75 65/100 350/760	\$ 2,500	10%	\$ 0.42	Wedding and corporate clients looking to incorporate the Latin theme into overall event, Hispanic groups and individuals	Spacious rooms displaying art, garden setting, on-site restaurant, fountain, parking
Sky Room 40 Locust Street Long Beach, CA Jennifer, 983-2703	1 (3000)	225	\$ 6,600 includes toast	50%	\$ 2.00	Receptions, parties, business functions	360 degree views, 14th floor, restored 1926 decor, dance floor
Adams House Malibu, CA Ms. Cristina Savitski 310-456-9497	Garden Events	350/1,000	\$ 3,500	100% 2 year waiting list	NA	Weddings, parties	Historic location, beautiful garden setting, beach and ocean access & views, no parking
Average	3,400	200/500	\$ 4,125	53%	\$ 1.31		

Source: MJC, 2004

Comparable Art Facilities: Among comparable art facilities, only the Torpedo Factory has sufficient space to host events. As indicated in Table 7, the Torpedo Factory rents event space for \$2,800 per event, and the space is used 60 percent of available weekend evenings and 7 percent of available weekday evenings. Torpedo Factory events generate approximately \$300,000 per year.

Table 7: Torpedo Factory Event Space Rental

Space	Square Feet	Capacity (Seated/ Standing)	Rate	Occupancy		Annual Event Income	Typical Clients
				Week end	Week day		
Entire Building	5,434	450/1100	\$ 2,800	60%	7%	\$300,907	Wedding rehearsal dinners, receptions, ceremonies, corporate meetings, parties, high school reunions
First Floor/Main Hall	4,234	400/700	\$ 2,000				
Tent on Terrace	4,884	150/300	\$ 750				
Art League Gallery	1,200	50/100	\$ 700				

Source: MJC, 2003

Event Market Finding: Overall, the event and meeting market for the Art Exchange project will be comprised primarily of weddings, social events, and some business events; will be local in nature; and will serve groups of 200 to 250 people who want an interesting venue. The facility should attract five to seven weddings or social parties per month once established. The market will support a per-event rental rate of \$2,500 to \$3,000. The Art Exchange is an unlikely venue for business meetings, which are more than adequately supported by a variety of meeting spaces in area hotels.

ART GALLERY MARKET ANALYSIS

The City of Long Beach offers a number of community art galleries, including the Ancient Arts, Art of Hands, Gallery 117, Long Beach Arts, Raymundo's Fine Art Gallery, and SMBY Gallery. While a market analysis of area galleries is beyond the

scope of this study, the relative quantity and longevity of existing art galleries indicates modest market support for an Art Exchange gallery.

Comparable Art Facilities: Art galleries in general do not generate significant income for comparable arts facilities. Facility galleries generate between 2 and 16 percent of total operating income. The Torpedo Factory has the most effective gallery, with total sales approaching \$500,000 per year or \$357 per square foot. Each facility emphasized the important role that the art gallery and gallery openings play in generating interest in and traffic to the facilities.

Gallery Market Summary: For purposes of the feasibility analysis, we have assumed that the Art Exchange gallery will generate a modest \$40 per square foot in sales per year, or \$68,000 in total annual sales.

ARTS EDUCATION MARKET ANALYSIS

Currently, four institutions provide arts education programs in Long Beach. However, these programs are primarily geared either to the full-time student or young children and senior citizens. The four institutions include:

- California State University of Long Beach. CSU Long Beach's extension curriculum is relatively limited in scope, offering a few classes in music and beginning art. The regular curriculum, geared toward full-time students intent on a bachelor's or master's in arts, is unlikely to meet the general public's needs.
- Long Beach City College offers over 50 classes in drawing, illustration, painting, design, computer art, ceramics, sculpture metal-smithing and metal fabrication, printmaking, and photography and is the prime source of competition for the Art Exchange.
- The Long Beach Museum of Art offers educational programs to approximately 15,000 children and adults per year.
- The City of Long Beach Department of Parks Recreation and Marine offers a variety of affordable short beginning arts and crafts courses geared primarily to youth and seniors.

Comparable Art Facilities: All case study facilities offer an extensive arts education programming. Interestingly, the oldest and the youngest facilities, namely the Torpedo Factor and the Crucible, have the most successful arts education programs. As indicated in Table 8, the fifty-year-old arts education program at the Torpedo Factor offers 800 art classes and serves over 8,800 students annually. The program earns over \$2 million in annual revenues in 12,000 square feet of classroom space. By contrast, the four-year-old Crucible offers 312 courses per year to 3,000 students, earning \$420,000 in revenues. The Crucible primarily offers industrial arts education and consequently requires significant space per student and per dollar earned. The remaining two nonprofits, the Emerson Umbrella and the Rockville Art Center, reach roughly 1,200 students per year through 150 courses and earn approximately \$200,000 in 3,000 square feet of space. In general, industrial arts courses cost between \$200 and \$300 per ten-week class, while fine arts courses average between \$80 and \$150 per ten-week class.

Table 8: Case Study Facilities: Arts Education Programs

Facility	Annual Students	Classes / Year	Typical Class Price	Arts Education Revenue	% of Operating Budget	Class-room Space sq. ft.	Education Revenue/ sq. ft.	Course Offerings
Torpedo Factory & Art League School	8,800	800	\$150- \$225	\$ 2,000,000	60%	12,000	\$ 166.67	Drawing, Watercolor, Painting , Pastel, Printmaking, Sculpture, Ceramics, Jewelry, Photography, Fibers, Youth/Teens, Special Classes
The Crucible	3,000	312	\$200 - \$350	\$ 420,608	54%	18,700	\$ 22.49	Blacksmithing, ceramics, drawing, painting, foundry, mold making, glass, Jewelry, Kinetics, Machine Shop, Neon & Light, Welding, Wood Working
Emerson Umbrella	1,300	150	\$50 - \$175	\$ 176,200	30%	3,000	\$ 58.73	Ceramics, dance and movement, painting, drawing, cartooning
Rockville Art Center	1,200	170	\$150 - \$300	\$ 207,157	36%	3,500	\$ 59.19	Drawing & pastels, fiber, lampwork, fused glass, painting & printmaking, photography

Source: MJC, 2003; Rockville Art Center, Emerson Umbrella Center for the Arts, The Crucible, The Art League

Arts Education Market: Long Beach does not currently have a professional hands-on arts education program geared primarily to adults, as envisioned for the Art Exchange. Adult-serving arts education programs around the country are experiencing rapid growth as the aging baby-boom generation and Generation X have become very interested in art and other enrichment programs. The Long Beach community has sufficient demand for the Art Exchange to offer between 100 and 150 art courses per year, serving roughly 1,500 students and generating approximately \$450,000 in gross revenue or \$22 per square foot of classroom space.

5. Development Program & Conceptual Plans

BUILDING DEVELOPMENT PROGRAM AND LAYOUT

The Art Exchange will offer individual art studios, group art studios, a glass hot shop, an industrial workshop, classrooms, an art gallery, administrative offices, and large indoor and outdoor event spaces. MJC developed conceptual plans and a development program for two distinct Art Exchange facility configurations, a three-story 40,000 square foot facility and a four-story 52,000 square foot facility. The layout of the two facilities is identical on the first, second, and rooftop levels. The 52,000 square foot facility's third floor replicates the layout of the second floor.

Table 9: Art Exchange Development Program

Use	Description	3 Story Facility			4 Story Facility		
		Total Number	Unit Square Feet	Total Square Feet	Total Number	Unit Square Feet	Total Square Feet
Circulation	Hallways & Stairs			7,338			8,242
	Freight Elevator	3	380	1,140	4	380	1,520
	Elevator	3	100	300	4	100	400
	Loading Docks	1	780	780	1	780	780
	<i>Subtotal</i>			<u>9,558</u>			<u>10,942</u>
Amenities & Administration							
	Administrative Offices	3	252	756	5	252	1,260
	Art Gallery	1	1764	1,764	1	1764	1,764
	Recyclable/Haz Mat Storage	1	300	300	1	300	300
	Restrooms	6	250/380	1,720	8	250/380	2,220
	<i>Subtotal</i>			<u>4,540</u>			<u>5,544</u>
Education Program							
First Floor	Industrial Arts Workshop	1	3,250	3,250	1	3,250	3,250
	Hot Shop Workshop	1	1,700	1,700	1	1,700	1,700
	Ceramics Shop	1	820	820	1	820	820
Second Floor	Fine Arts Classrooms	3	820	2,460	3	820	2,460
	Storage	1	190	190	1	190	190
Third Floor	Fine Arts Classrooms	-	-	-	3	820	2,460
	Storage				1	190	190
	<i>Subtotal</i>			<u>8,420</u>			<u>11,070</u>
Artist Studio Program							
First Floor	Small Studios	6	264	1,584	6	264	1,584
Second Floor	Small Studios	8	280	2,240	8	280	2,240
	Medium Studios	9	350	3,150	9	350	3,150
	Medium Studios (odd sized)	3	431	1,292	3	431	1,292
Third Floor	Small Studios	-	-	-	9	280	2,520
	Medium Studios	-	-	-	9	350	3,150
	Medium Studios (odd sized)	-	-	-	3	431	1,292
Roof Top	Small Studios	8	280	2,240	8	280	2,240
	Medium	8	350	2,800	8	350	2,800
	Group Studios	3	684	2,052	3	684	2,052
	<i>Subtotal</i>	<u>45</u>		<u>13,774</u>	<u>66</u>		<u>20,736</u>
Event Facilities Program							
First Floor	Event Space	1	3,040	3,040	1	3,040	3,040
	Kitchen	1	418	418	1	418	418
	Event Storage (a)	1	250	250	1	250	250
	Event Courtyard (a)	1	2,556	2,556	1	2,556	2,556
Roof Top	Roof Deck	1	3,040	3,040	1	3,040	3,040
	<i>Subtotal</i>			<u>3,708</u>			<u>3,708</u>
Total				40,000			52,000

Parking. As indicated in Table 10 below, according to the City of Long Beach zoning code, the 52,000 square foot Art Exchange will require 205 parking spaces, while the 40,000 square foot facility will require 126 parking spaces. A parking administrative use permit⁵ will be required for the event space, which will be used on Friday and Saturday nights when the art studios and arts education facilities are not in use. While the zoning code requires 74 additional spaces for the event space, the zoning administrator would probably determine that the existing parking allocation would meet this need, given that parking use times differ between the uses. Additional reductions in the parking requirement could also be obtained by instituting a shared parking garage with the other uses on the remainder of the block and by asking for a variance as the facility has ready access to transportation alternatives such as the M line and the Transit Center.

Table 10: Parking Requirements			
Use	Required spaces/ 1000 SF	40,000 SF Facility	52,000 SF Facility
Gallery, Office, Studios	4	65	95
Classrooms	20	49	98
Manufacturing	2	12	12
Parking Requirement		126	205
Event Space	20	74	74
Worst Case Parking Requirement		200	279

Source: MJC, 2004; Table 41-1C of Chapter 21.41 OFF-STREET PARKING AND LOADING REQUIREMENTS, of the City of Long Beach Zoning Requirements; Jayme mekis, Long Beach Planning Department.

ART EXCHANGE CONCEPTUAL PLANS

The proposed Art Exchange, a three-story steel, glass, and concrete building with a set of additional studios enclosing three sides of the rooftop, will be built with green building technologies and will fit into the architectural language of the East Village. The building's glass curtain wall (wall of windows) will face a 2,500 square foot exterior courtyard. (For full-size conceptual plans, please see Appendix C.)



Figure 1: Art Exchange Model

⁵ **21.41.223 Parking-Joint use and parking district.** When two (2) or more uses share a parking facility, and when demonstrated by a signed affidavit that the hours of their demand for parking do not overlap, or only partially overlap, then the parking requirement may be reduced by the Zoning Administrator through approval of an administrative use permit.

Art Exchange First Floor

From the two-story vestibule entrance, on Long Beach Boulevard, visitors will see directly into the hot shop and can enter the 1,700 square foot art gallery.

Upon entry into the facility, a visitor will be greeted by a 3,000 square foot soaring atrium with a 34 foot ceiling, a glass curtain wall facing the courtyard, and oversized glass doors opening onto the courtyard.

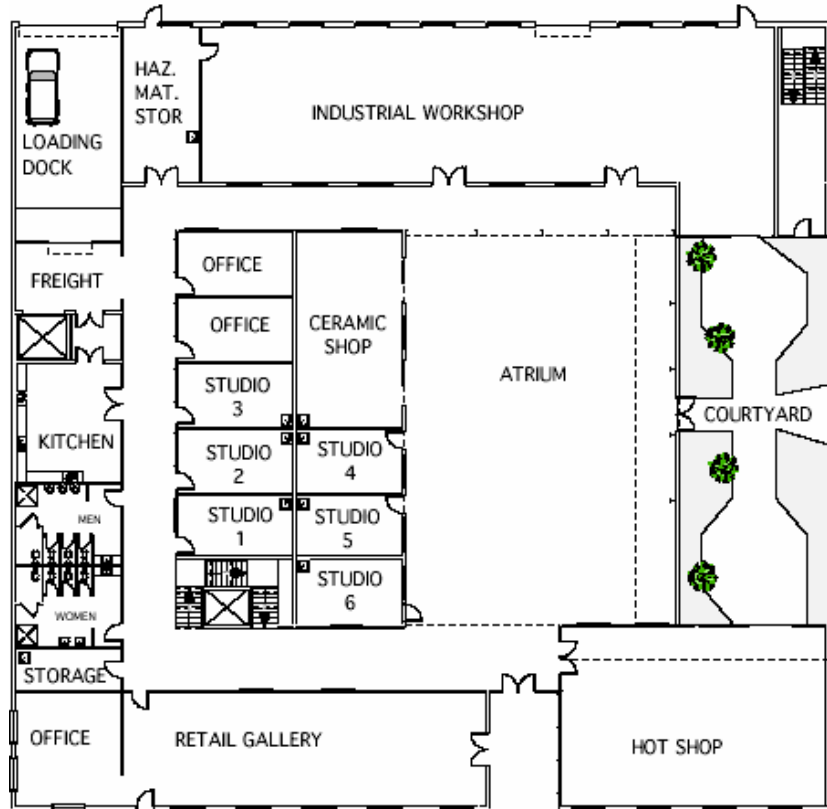
Figure 2: First Floor Conceptual Plan

From the atrium, a visitor has clear views to the Hot Glass Shop, the Industrial Workshop, and the Ceramics Shop where he or she can watch art making in process.

Looking up, a visitor will see a variety of individual artist studios on the second and third floors. The visitor may choose to browse the select art studios on the first floor or take the stairs or elevator to see the second-floor, third-floor, or rooftop studios.

The facility will host events and offer event space for rental. Events can take place in the atrium, the courtyard, and the rooftop and may include parties, fundraisers, weddings, and corporate events. The first-floor kitchen provides an ideal staging area for event food service.

From the courtyard, visitors can watch hot shop and industrial workshop art –in action through large glass doors, which can be opened during good weather for more active viewing.

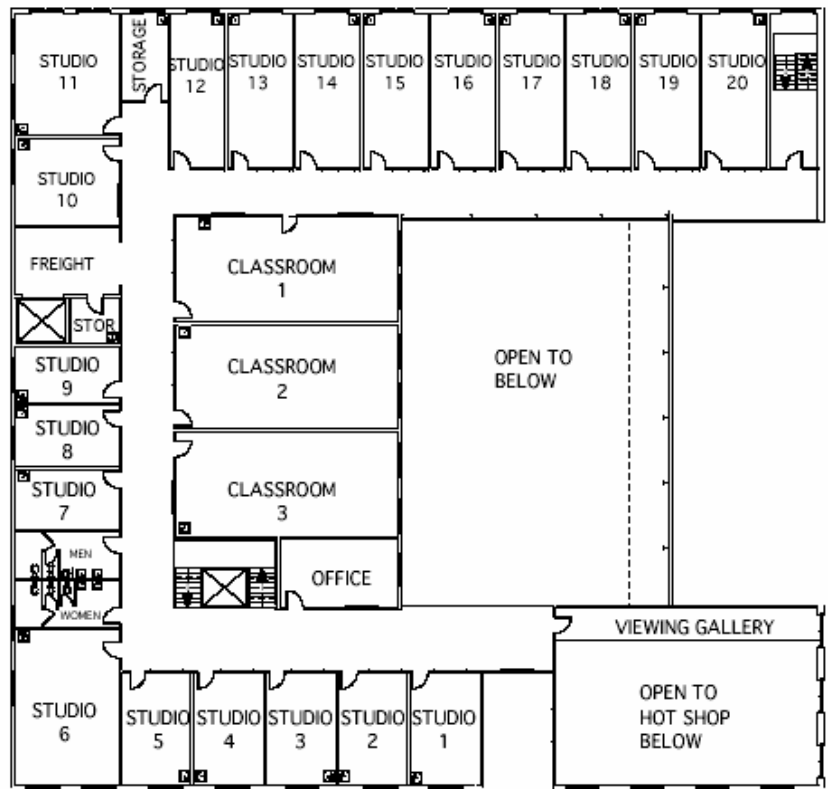


Second Floor

Each studio has operable windows to the outside and inoperable windows facing the corridor, which allow visitors to watch art making under way and provide for daylighting and views from every location in the facility.

Art workshops and courses take place in three large fine arts classrooms on the second floor. The classrooms also have windows that look out over the light and airy event space. A walkway and viewing gallery allows visitors to view into the event space and the hot glass studio from above.

Figure 3: Second Floor Conceptual Plan

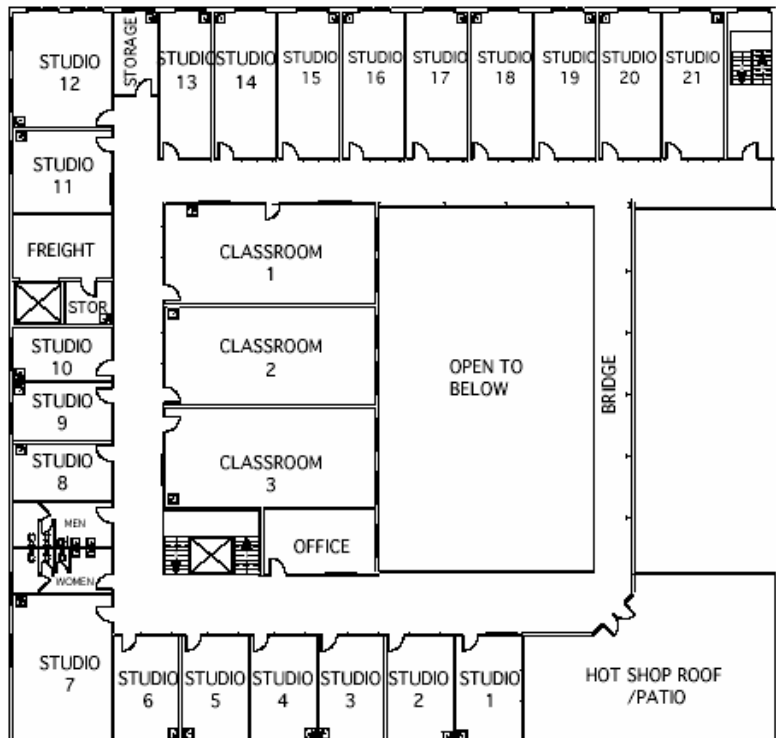


Third Floor

The third floor is similar in configuration to the second floor, with the following exceptions:

- The art classrooms have skylights, which allow in natural light.
- A walkway provides access to the hot shop's rooftop patio, where visitors might take lunch or hold informal meetings.
- Finally, a bridge connects the east and west studios for easy visitor access.

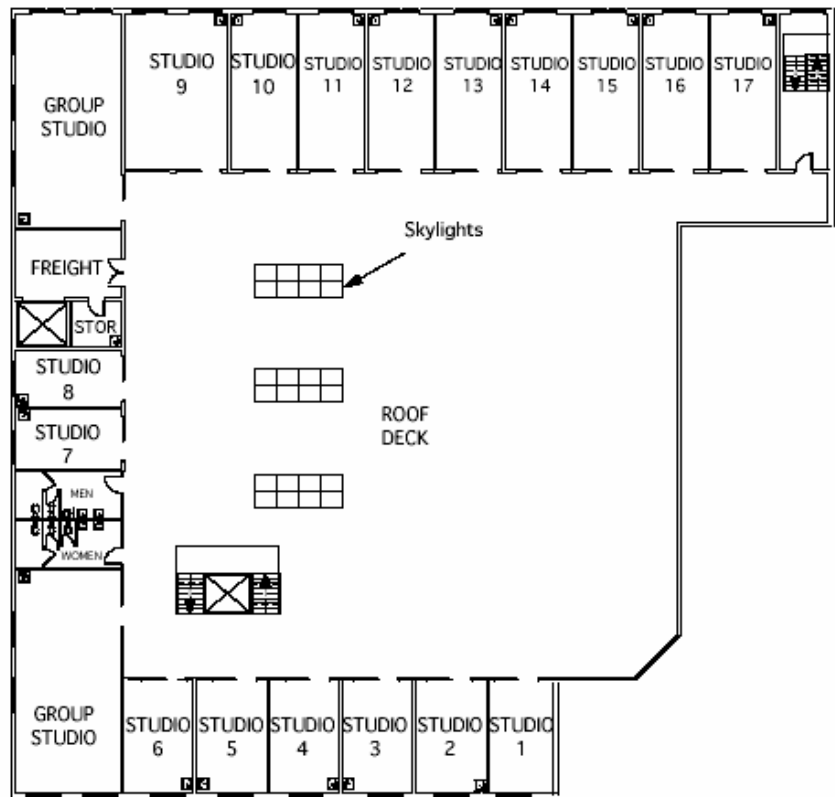
Figure 4: Third Floor Conceptual Plan



Rooftop

The rooftop includes fifteen individual studios and the two large group studios. The art studios have sliding glass doors to allow maximum light and views of the downtown. The rooftop is configured for events and maximizes the beautiful downtown views.

Figure 5: Rooftop Conceptual Plan



SPACE DESCRIPTIONS AND FINISHES BY USE

Artist Studios – All studios have 12-foot ceilings and range from 260 to 680 square feet in size. Each studio contains a sink, phone line, 110 electric (220 electric in all east-facing studios), an overhead light, an operable exterior window, an interior window, an individually keyed door, and a concrete floor.

Industrial Workshop - The 3,250 square foot industrial workshop will have 14-foot ceilings, three operable sinks with hot and cold water, two phone lines, 110 and 220 electric (3-phase, 200-amp service), overhead lights, 2 industrial exhaust fans, 7 operable windows, concrete floors, large sliding glass doors that open to the courtyard, two doors that open to the atrium, and a roll-up door that opens to the back of the building.

Glass Hot Shop – The 1,700 square foot hot shop will have 24-foot ceilings, a second-floor viewing gallery overlooking the operation, a sliding glass door that opens to the courtyard, double doors that open to the atrium, a glass wall partition between the hot shop and event space for total viewing, a concrete floor, operable windows, sink, phone line, 110 and 220 electric (3-phase, 300-amp service), overhead lights, and two industrial exhaust fans.

Ceramic Studio – The 820 square foot ceramics studio will have 14-foot ceilings, open onto the atrium with windows and sliding glass doors for easy viewing, 220 and 110 electrical services to power firing kilns, overhead lighting, and concrete floors.

Art Gallery Space – The 1,700 square foot art gallery will have 14-foot ceilings, five windows facing Long Beach Boulevard, bamboo or other FSC-certified hardwood flooring, an office and storage space, 2 phone lines, 110 electric, overhead and scone lighting.

Classrooms – Each of the 820 square foot fine art classrooms have interior windows that face the event space, a sink, 110 and 220 electric service, and an overhead light. All third-floor studios will have a large skylight.

Atrium/Event Space - the 3,000 square foot atrium has soaring 38-foot ceilings, a curtain glass wall facing the courtyard, large double glass doors that connect to the 2,500 square foot courtyard, a concrete floor, 3-phase electric, overhead and scone lighting, and power outlets both at the floor and at eight-foot heights. The space will also include a portable 500 square foot dance floor, an interior fountain, a small industrial kitchen, and a storage area for tables and chairs.

Interviewed event planners advised that the new facility integrate the following key attributes:

- The facility should include a 2,000 square foot outdoor, preferable rooftop, space for ceremonies and parties and a 2,500 square foot space for cocktail receptions and/or a sit-down dinner of 250 people.
- The facility should look “upscale and elegant,” “dramatic and interesting,” and “airy and romantic.”
- Romance should be conveyed by the architecture with soft edges, some greenery such as small trees or palm trees, a grassy area, and even an indoor fountain.
- The space should also include accessible restrooms and a kitchen for catering.
- The kitchen must have a full-size industrial oven, a work area, industrial sink, and refrigerator. There should be an area outside the kitchen for staging the food service that is not in direct view of the event.
- The reception space should have areas where pictures, ornaments, and fabric swags can be affixed to dress up the space. Ideally, the reception area would also include a 500 square foot dance floor (either permanent or portable), a 24' X 12' stage for the band, and a changing room with bathroom access.
- Parking access for 120 cars. Adequate parking will help sell the location to event planners and clients.
- Loading access to the “back of the house” via a loading dock will make the facility much more attractive to event planners because it reduces staging time and facilitates better security.
- A phase-3 power system is a big selling point for event lighting. Multiple power sources to add lights to the site also improves marketability.
- On-site tables, chairs, and linens should be included in the rental package.

Office Space

The facility will include administrative offices of 250 square feet each. Three offices will be located on the first floor, and the remaining offices will be on the second and third floors. The offices will include a phone line, overhead lighting, and sustainable flooring.

GREEN BUILDING RECOMMENDATIONS

The City of Long Beach's Green Building Policy of June '03 calls on the Redevelopment Agency to encourage new construction projects that benefit from Redevelopment assistance, to be constructed in accordance with the U.S. Green Building Council's LEED green building standard.⁶ Accordingly, MJC developed initial design and materials recommendations to help inform the design process with regard to green building. The Art Exchange project will earn a number of LEED credits as a result of its location and design. Some specific design recommendations, organized according to specific LEED green building credits, are described below:

Promote Alternative Transportation

- Provide bicycle storage facility and showers on the first floor to encourage alternative transportation. The showers will serve the dual purpose of providing a first-aid amenity for building tenants.
- Build minimum amount of parking under current zoning or obtain a variance for reduced parking.

Increase Energy Efficiency

- Use energy star roofing.
- Use directed lighting and light shielding on all outside lights.
- Use process heat from hot glass shop to heat building in winter.
- Use natural ventilation to cool individual artist studios during summer months.

Improve Water Efficiency

- Use drought-tolerant plants in rooftop plantings and in courtyard.
- Install high-efficiency showers, toilets, and sinks, waterless urinals, and sink occupancy sensors.

Reduce Material Use and Increase Sustainable Materials Use

- Include a 200 square foot recyclables area.
- Consider using salvaged/refurbished windows for interior classroom and artist studio glazing.
- Use steel frame structure (95% recycled content) and fly ash in concrete.
- Specify bamboo or other sustainable flooring for the art gallery and kitchen.
- Specify FSC certified wood trim for the art gallery.

Improve Indoor Air Quality

- Install carbon monoxide monitors.
- Naturally ventilate space.
- Use low VOC paints.
- Use green label carpet for offices.
- Include operable windows and individual lighting controls for all studios.
- Incorporate daylighting in 100 percent of occupied space.
- Offer a view to glazing (windows) from 92 percent of all regularly occupied space.

⁶ The U.S. Green Building Council's LEED (Leadership in Energy and Environmental Design) Rating System is a self-assessment system designed for rating new commercial, institutional, and high-rise residential buildings. It is a voluntary, consensus-based, market-driven building rating system based on existing proven technology. It evaluates environmental performance from a "whole building" perspective over a building's life cycle, providing a definitive standard for what constitutes a "green building." LEED is based on accepted energy and environmental principles and strikes a balance between known effective practices and emerging concepts.

6. Development Feasibility (Proforma) Analysis

EVALUATING FINANCIAL FEASIBILITY

MJC prepared detailed ten-year cash flow statements to evaluate the financial feasibility of both development models. The proformas include both hard and soft development costs, operating costs and revenues, financing costs, sources and uses of both equity and debt, and numerous assumptions regarding lease rates, occupancy, event use, and other factors. Given that the proposed project is a nonprofit facility, MJC did not use the Internal Rate of Return (IRR) measure, which is the common way that a prospective developer would evaluate a project. Instead, MJC used the proformas to analyze the minimum possible equity investment required to ensure that the project maintains a positive cash flow upon operation.

Approach and Assumptions

MJC assessed the financial feasibility of the proposed Art Exchange by preparing proforma projections showing the relationships between development cost, financing, operating revenues and expenses, and cash flows from the project. The proforma analysis uses a detailed cash flow model prepared by MJC to show these relationships over a ten-year period, typically used for financial analysis, with a projected construction start date in 2006, through to opening of the Art Exchange in early 2008, and ending in 2018.

Scenarios for Evaluation

Based on preliminary design plans, detailed construction cost estimates prepared by Oppenheim|Lewis, and potential funding mechanisms, the two scenarios detailed in the development program were analyzed with two different financing mechanisms.

Scenario 1: A 52,000 square foot facility with a 205 car parking garage. This project was analyzed using both conventional financing and bond financing from the State of California's Infrastructure Bank. This project was also analyzed with the worst-case parking requirement of 279 spaces.

Scenario 2: A 40,000 square foot facility with a 126 car parking garage. This project was analyzed using both conventional financing and a nonprofit bond with four percent interest from the State of California Infrastructure Bank. This project was also analyzed with the worst-case parking requirement of 200 spaces.

Estimating Construction and Soft Costs

- Oppenheim|Lewis developed detailed cost estimates for both development scenarios based on development programs and conceptual plans provided by MJC. The cost estimates are detailed by architectural section in Appendixes D and E.
- Based on experience with similar projects and published sources such as RS Means Square Foot Costs, MJC estimated costs for site preparation (including demolition of existing structures), a parking garage, hard-scape, and landscape improvements. These costs assume no extraordinary additional costs related to hazardous material remediation.

- Furniture, Fixtures, and Equipment (FF&E) include cost quotes for FF&E for events, arts education, operation of the retail gallery, and management of the nonprofit entity. These costs were obtained from manufacturers and are outlined in Appendix F. The FF&E also includes the basic costs for the industrial equipment and supplies for the hot shop, industrial workshop, and ceramics studio.
- A standard general conditions fee of 9 percent and a contractor's fee of 4 percent were included in hard construction costs.
- A hard construction cost contingency of 10 percent was applied as an allowance for unanticipated factors and changes in design.
- A project escalation of 5 percent was added because construction will begin after 2006.
- MJC assumed the following for soft cost estimates:
 - Eight percent of construction costs account for architect and engineering fees.
 - One percent of construction costs are for testing and special inspections.
 - Permits and fees were estimated based on project square footage and published fee schedules for the City of Long Beach.
 - Construction interest was calculated based on a sixteen-month drawdown of the construction loan as well as origination, title, and recording fees.
 - Construction Project Management cost is estimated at 2.5 percent of hard costs, the industry standard.
 - Estimates for legal, accounting, insurance, surety bonds, and miscellaneous other costs are based on our experience with similarly sized projects.
 - A total project contingency of 10 percent was applied to provide an extra allowance for unanticipated factors in both hard and soft construction estimates. This is in addition to the 10 percent hard construction cost contingency mentioned above. Some feasibility analysts do not include this extra contingency on hard costs. However, we have included it to ensure a fiscally conservative estimate and because of the unusual nature of this project.

As indicated in Table 11 below, the development cost of the four-story facility is less per square foot than the three-story facility because of economies of scale intrinsic to the larger project. The 52,000 SF project will cost \$11.4 million or \$220 per square foot. The 40,000 SF project will cost \$9.2 million or \$230 per square foot. As mentioned above, these cost estimates include significant contingency allocations and are conservative estimates. The cost of developing a parking garage for the facility adds from \$3 to \$6 million to the project, depending on the scenario.

The total cost to develop the four-story, 52,000 SF facility and parking garage will range between \$16 and \$17.7 million depending on parking scenario.

The total cost to develop the three-story 40,000 SF facility and parking garage will range between \$12.9 and \$13.7 million depending on the parking scenario.

Table 11: Art Exchange Development Cost Comparison				
	Four-Story, 52,000 SF Facility		Three-Story, 40,000 SF Facility	
	Total Costs	Cost/SF	Total Costs	Cost/SF
Art Exchange				
Site Costs	\$ 817,500	\$ 15.72	\$ 807,500	\$ 20.19
Construction Cost	\$ 7,824,838	\$ 150.48	\$ 6,652,191	\$ 166.30
Soft Costs	\$ 1,799,931	\$ 34.61	\$ 904,231	\$ 22.61
Project Contingency	\$ 1,044,227	\$ 20.08	\$ 836,392	\$ 20.91
<i>Subtotal Art Exchange</i>	<i>\$ 11,486,495</i>	<i>\$ 220.89</i>	<i>\$ 9,200,313</i>	<i>\$ 230.01</i>
Parking Garage				
Preferred Parking Scenario	205 car garage		126 car garage	
Total Parking Garage	\$ 4,618,826	\$ 64.37	\$ 3,044,921	\$ 69.05
Worst Case Parking Scenario	279 Car Garage		200 Car Garage	
Total Parking Garage	\$ 6,286,109		\$ 4,506,171	
Total Costs w/Larger Garage	\$ 17,772,604		\$ 13,706,485	
Total Costs w/Smaller Garage	\$ 16,105,321		\$ 12,964,879	
Source: Marie Jones Consulting, 2003				

For detailed breakdowns of all hard and soft costs, please see Appendixes G and H for complete sources and uses tables for both scenarios.

Development Feasibility Analysis

MJC prepared development proformas and operations budgets for both facilities. For the development proformas, MJC assumed that the facility would be managed and operated as a rental facility with no direct programs other than building management. Thus each facility was analyzed independent of assumptions about the success of the gallery or art classes. This is a more conservative analysis, as we are analyzing the rental income generation potential of the facility as artist studios and event space only. The operations analysis goes a step further by including estimates for art education and gallery income and expenses.

Proforma Feasibility Analysis

For the development proformas, MJC made the following assumptions:

- Ninety percent of studios will rent for \$1.25/SF for full service, and 10 percent of studios will rent for \$1.00/SF full service.⁷
- The industrial and hot glass studios will rent for \$1.25 per square foot per month. Task force artists indicated that these facilities could be rented for significantly more than this on a time-share basis to a variety of artists. However, for purposes of this analysis, we have assumed the more conservative \$1.25/SF.
- The classroom and gallery have been treated as rentals for purposes of the feasibility study so that the entire project can be viewed from the perspective of a straight real estate deal. The programmatic revenue streams and expenses for these components of the project are analyzed in the operations proformas section of this analysis. For purposes of the development proformas analysis, we have assumed that they will rent for \$1.25/SF and \$1.50/SF, respectively.
- Parking revenue of \$6 per parking space per day. A parking demand study was beyond the scope of this project. However, area parking lots charge an average of \$7 per day. If the Art Exchange generates 200,000 visits per year, the parking structure would be fully utilized.
- Five percent vacancy rate for the artist studios, once full occupancy is achieved (by month five of operations). This is a conservative estimate given that similar facilities around the country have one- to ten-year waiting lists and no vacancy.
- Forty-five events per year for a 12 percent utilization rate, which is within the average utilization rate for similar facilities in the area, and event income of \$2,500 per event.
- Operating expenses of \$8 per square foot for building and event management, insurance, utilities, maintenance, etc.
- In the preferred analysis, the debt service has been calculated based on the Art Exchange qualifying for a 2 percent interest rate, thirty-year tax-free bond from the 501(c)(3) Revenue Bond Program of the State of California Infrastructure Bank for the nonprofit-occupied portion of the project (60%), and taxable bonds at 6 percent interest and a thirty-year term for the artist-occupied portion (40%) of the facility.⁸ For simplicity, a 4 percent interest rate and thirty-year term have been assumed for the project, though the actual rate may be slightly less. In the event that this funding mechanism is unavailable, the Art Exchange could pursue conventional funding for around 7 percent and a twenty-year term. A conventional loan is much less favorable to the financial feasibility of the project and would result in a larger capital campaign. The development proforma analysis explores the impact of both financing mechanisms.

⁷ The full-service lease includes the costs of utilities, insurance, and real estate taxes in the monthly lease rate of \$1.25/SF.

⁸ Bonds issued by the I-Bank must meet established minimum credit rating standards, based either upon the credit of the applicant or a credit enhancement from a bank, insurance company, or other guarantor acceptable to the I-Bank. Currently, I-Bank bonds to AAA rated nonprofits are available for 1.2 percent interest rate and a thirty-year term.

- Operating reserves of three percent have been set aside before calculating net cash flow for the project. These reserves are required for long-term maintenance of the building.

Given these assumptions, the development proformas were analyzed to pinpoint the appropriate capital campaign to make certain that building revenue will cover building debt service and operating costs. As indicated in Table 13 below, if the facility is funded through the low-interest bonds, both facilities would be self-supporting with a capital campaign of \$4.2 million.

However, if the facility is funded through a conventional commercial mortgage at seven percent with a twenty- year term, the capital campaign would increase to \$11 million for the 52,000 square foot facility and \$7.6 million for the 40,000 square foot facility. Conventional financing significantly decreases the feasibility of the project, as a capital campaign of this magnitude would be difficult to achieve.

Table 12: Art Exchange Project Financing Summary

	Four-Story, 52,000 SF Facility, 205 Car Garage	Three-Story, 40,000 SF Facility, 126 Car Garage
Project Financing (Bond, 4 percent, 30-year term)		
Supportable Bond Amount	\$ 11,905,321	\$ 8,764,879
Required Capital Campaign Amount	\$ 4,200,000	\$ 4,200,000
Total Project Cost	\$ 16,105,321	\$ 12,964,879
Annual Mortgage Payment	\$ 682,061	\$ 502,143
Project Financing (Commercial Mortgage, 7 percent, 20-year term)		
Supportable Mortgage Amount	\$ 4,931,460	\$ 5,363,342
Required Capital Campaign Amount	\$ 11,000,000	\$ 7,600,000
Total Project Cost	\$ 15,931,460	\$ 12,963,342
Annual Mortgage Payment	\$ 671,948	\$ 498,984

Source: Marie Jones Consulting, 2003

Note: The cost of development for the project funded through a commercial mortgage is less than that for the bond-financed project because the much larger capital campaign reduces the cost of borrowing for construction.

For detailed proformas spreadsheets, please see Appendixes I and J.

Loan Guarantee

The nonprofit operating entity that will own this facility has yet to be formed and will have no financial track record. Consequently, it will not be able to secure conventional or bond financing without a loan guarantee from the City of Long Beach or some other entity. The State of California's Infrastructure Bank will accept a loan guarantee from the City of Long Beach or the Long Beach Redevelopment Agency, and the bond interest rate will depend on the credit rating of the city or agency.

Alternatively, this project could be undertaken independently of a loan guarantee by an existing financially secure nonprofit with at least five years of operations history and a variety of revenue sources.

OPERATIONAL FEASIBILITY ANALYSIS

To develop reasonable income expectations for the Art Exchange, MJC based the projected operating budget on assumptions that conform to the market analysis. MJC also used the operations budgets of comparison art centers as benchmarks. As indicated in Table 13, nonprofit facilities engaged in similar activities earn the vast majority of income from three primary sources: tuition, studio rentals, and fundraising. Event venue and gallery revenue are less important sources of income. Again, these revenue figures from the case studies are a guideline for anticipated income streams from the proposed facility.

Table 13: Case Study Facilities, Revenue Streams

	The Crucible	% of Total	Torpedo Factory	% of Total	Rockville Arts Place	% of Total	Emmerson Umbrella	% of Total
Revenue								
Course Income	\$ 420,608	54%	\$ 2,000,000	63%	\$ 207,175	35%	\$ 176,200	32%
Studio Rental	\$ 27,286	3%	\$ 400,000	13%	\$ 31,875	5%	\$ 261,800	47%
Event Rental	\$ 12,240	2%	\$ 300,000	9%	\$ 4,500	1%	\$ 2,000	0%
Membership Dues	\$ -	0%	NA	0%	\$ 14,220	2%	\$ 5,200	1%
Fundraising	\$ 300,828	39%	NA	0%	\$ 312,692	53%	\$ 127,400	23%
Gallery Sales	\$ 25,465	3%	\$ 500,000	16%	\$ 15,411	3%	\$ 13,800	2%
Other	\$ (5,619)	-1%	NA	0%	\$ 512	0%	\$ (29,000)	-5%
Total	\$ 780,808	100%	\$ 3,200,000	100%	\$ 586,385	100%	\$ 557,400	100%

Source: MJC, 2003

For Art Exchange revenues, MJC made the following assumptions:

- Ninety percent of artist studios would rent for \$1.25/SF full service, and 10 percent would rent for \$1.00/SF.
- Parking spaces would rent for \$6 per space per day, and a full turn on each space would be realized per day.
- The Arts Education program would offer 40 courses in the first year of operations and add 10 courses each year until year 6, when it would reach a balanced offering of 100 courses (25 courses per quarter) in the four-story facility. The smaller three-story facility would offer a maximum of 75 courses per year because it would not have as many classrooms. The typical class would cost \$200 in tuition and \$50 in materials and have an average size of 15 students. Art instructors would be hired as contract teachers and receive 50 percent of their class tuition as pay.
- The Art Gallery would realize \$68,000 in sales or \$40 per square foot: a conservative estimate, as many galleries earn between \$150 and \$300 per square foot per year.
- The facility would host 45 events in the first year, with five additional events each subsequent year of operations until a maximum of 85 events per year is reached.
- The facility would raise approximately \$200,000 per year through fundraising.

Art Exchange operating expenses include the following:

- Appropriate staffing and salaries for each scenario
- Management and general expenses, including advertising, auto, bookkeeping, equipment rental, insurance, interest, janitorial, office supply, postage, printing, mortgage, maintenance, travel, and utility expenses
- Gallery expenses calculated at 50 percent of gallery sales
- Education expenses calculated at 50 percent of tuition and supplies to cover the cost of contract instructors and wholesale supply costs
- Event expenses calculated at 30 percent of event income to cover contract workers, cleaning, etc.

Given these conservative assumptions, both the 52,000 and the 40,000 square foot facilities would operate in the black in the first year with a progressively larger net positive cash flow in each subsequent year. As indicated in Table 14, neither would require ongoing city subsidies to operate in the black. For detailed operations budgets for both scenarios, please see Appendixes K and L.

Table 14: Art Exchange Operations Summary

	Four Story, 52,000 SF Facility, 205 Car Garage		Three Story, 40,000 SF Facility, 126 Car Garage	
Revenue	Revenue	% of Total	Revenue	% of Total
Studio and Parking Revenue	\$ 796,986	59%	\$ 548,888	49%
Arts Education	\$ 187,500	14%	\$ 187,500	17%
Events	\$ 112,500	8%	\$ 112,500	10%
Fundraising & Membership	\$ 190,000	14%	\$ 200,000	18%
Gallery Sales	\$ 70,560	5%	\$ 70,560	6%
Total	\$ 1,357,546	100%	\$ 1,124,448	100%
Expenses	Expenses	% of Total	Expenses	% of Total
Annual Payroll at Capacity	\$ 281,250	21%	\$ 275,000	25%
Management & General	\$ 851,453	64%	\$ 622,787	57%
Event, Education, Gallery, Fundraising Costs	\$ 187,780	14%	\$ 187,780	17%
Total	\$ 1,320,483	100%	\$ 1,085,567	100%
Surplus/(Deficit)	\$ 37,063		\$ 38,881	

Source: Marie Jones Consulting, 2003

7. Art Exchange Operation Recommendations

MJC completed five case studies of arts facilities that operate art studios, arts education programs, and art galleries. The case studies provide a benchmark for developing a reasonable and feasible operations strategy for the Art Exchange facility as well as a basis for operations recommendations for the facility. Complete descriptions of each center, its history, major lessons learned, facility layout, organizational structure, and programs are available in Appendix A.

Case Study Findings

MJC interviewed one for-profit organization, which operates eight for-profit arts facilities, as well as four nonprofit organizations, each of which operates a nonprofit facility. MJC took care to select facilities that provide the range of programs under consideration for the Art Exchange, including artist work studios for rent, arts education, and art galleries. In addition, the facilities are located in a variety of communities with a wide range of socioeconomic attributes. Please see Appendix M to review the demographic and socioeconomic data of the surrounding communities.

As indicated in Table 15, many important distinctions emerge from a review of the case studies:

- For-profit facilities, such as the Brewery Artist Colony in Los Angeles and ActivSpace in Berkeley, are focused almost entirely on artist studio rentals. Indicating that artist studio space can be successfully developed and operated by the for-profit sector, though such space is likely to be less affordable and attract a variety of nonartist tenants such as architects and small business owners.
- The Torpedo Factory is the largest facility with 84 studios, six art galleries, and 12,000 square feet of class room space, while the Rockville Art Center is the smallest facility with 11 studios, a single gallery, and 3,500 square feet of classroom space.
- All of the nonprofit organizations provide arts education and gallery space in addition to studio rentals.
- The for-profit facilities charge market rates (\$1.50–\$2.40/SF) for studio space and tend to have higher vacancy rates (5–10%) than the nonprofit facilities, which charge between \$1 and \$1.25 per square foot per month and have five- to ten-year waiting lists with very low turnover.

Table 15: Art Exchange Case Studies

Facility	Year Built	Total Square Feet	Total # of Studios/Size	Annual Turnover/ Vacancy	Rent/ sq. ft. /year	Gallery Size (SF)	Class-room Space (SF)	Acquisition & Development Cost (a)	Cost/Sq. Ft.	Acquisition/ Development Financing	Operation Model
Torpedo Factory 105 North Union Street Alexandria, Virginia 22314 (703) 838-4565	1918 1974 remodel 1983 remodel	71,318	84 studios 50/250-300 sq ft 29/350-400 3/400-550 2/650+	Turnover 10% Vacancy 0% Waiting List	\$ 1.00	1,400 700 600 500 450 200	3,000 9,000 (b)	\$ 4,100,000	\$ 57.49	Tax Credits Loan Sweat equity	Non profit Tenant Managed Tenant Elected Board
The Crucible 1260 - 7th Street Oakland, CA 94607 510-444-0919	1954 2003 (remodel)	47,000	20 studios 16/400 sq ft 4/600	NA	\$ 1.25	NA	18,700	\$ 3,700,000	\$ 78.72	Capital Campaign Major Donor Bridge Loan Mortgage	Non profit Board of Directors
Rockville Art Center 100 E Middle Lain Rockville MD, 20850 301-309-6900	1991 New Facility '05	13,000 30,000	11 Studios 6/500 sq ft 5/300 25 Studios 10/300 10/500 5/600	Turnover 1% Vacancy 0% Waiting List NA	\$ 1.00 \$ 1.00 \$ 1.00 \$ 1.25 \$ 1.25 \$ 1.25 \$ 1.25	1,800 3,000	3,500 7,000	City Land Swap \$ 2,500,000 \$ 2,000,000	NA \$ 150.00	City land swap with developer City donated shell Capital campaign	Non profit Board of Directors
Emerson Umbrella 40 Stow Street Concord, MA 01742 978-371-0820	1929 1980 renovation	30,000	60 studios 60/300-400 sq ft	Turnover 3% Vacancy 0% Waiting List	\$ 1.00	500	3,000	NA	NA	City donation Capital Campaign	Non profit Board of Directors Tenant Association
ActivSpace 2703 7th Street Berkeley, CA 94710 510-845-5000	2002	35,000	200 Studios 60/120 sq ft 70/150 50/250 10/400 10/600	Turnover NA Vacancy 10%	\$ 1.97 \$ 2.50 \$ 2.67 \$ 1.92 \$ 1.41 \$ 1.33	-	-	\$ 4,000,000	\$ 114.29	Private investors Mortgage LLC Funds	For profit
Brewery Artist Colony 2100 North Main Street Los Angeles, CA 90031 323-342-0717			300 live/work & studi 600-6000 sq ft	Turnover NA Vacancy 5%	\$ 0.80		-	NA	NA	Historic Tax Credits Affordable Housing Tax Credits Private Investors Mortgage	For profit
Average		42,664			\$ 1.20	915	8,840	\$ 3,260,000	\$ 100.12		

Source: MJC, 2003

Notes: (a) Development costs, exclude the cost of land acquisition, (b) This 9,000 sq ft of class room space is not located in the Torpedo Factory facility, but supports the arts education program.

MJC interviewed the executive director of each facility to understand the organization's history, "keys to success," and "lessons learned." Interesting and insightful findings from these discussions can be found in Appendix A; key findings are highlighted as operational recommendations in the sections that follow.

Facility Development Recommendation: The Art Exchange should own its finished facility. The development of the facility will require a variety of funding and financing sources. A capital campaign feasibility study should be completed and a professional capital campaign consultant hired to complete this portion of the project. City assistance will be critical to developing the facility. Finally, zoning issues should be settled early in the process.

Case study findings:

Own your building. Both the Torpedo Factory and Rockville Art Place did not initially own their facilities. The Torpedo Factory was initially owned by a developer and leased to the city, and the developer sought to charge market rents as real estate values increased in the neighborhood, even though the tenant artists had contributed sweat equity to the building renovation. Likewise, the Rockville Art Place initially rented space in a shopping mall, but as the mall is now being torn down, RAP was uncertain of its future until the city took the initiative and is now building a shell for RAP's new facility in the downtown.

- The nonprofit facilities were developed or renovated with funding from a wide variety of sources, including capital campaigns, public financing, city land and/or building donation, tax credits, conventional financing, and sweat equity. For-profit facilities were financed through private investors, tax credits, and mortgage financing.
- Only the Rockville Art Place and ActivSpace are new construction projects; the remaining facilities were renovated, formerly abandoned, buildings. The renovated facilities cost significantly less to build, at \$60 to \$80 per square foot, than the new construction projects, which ranged from \$120 to \$150 per square foot, excluding land acquisition and soft costs.
- All art centers have had difficulties with zoning. For example, the Torpedo Factory was located in an industrial district; however, as the area's real estate prices increased, the zoning in the surrounding community changed. After some dispute, the Torpedo Factory obtained a mixed-use spot zoning designation. Likewise, the Crucible was forced to move from Berkeley even though it was located in a light industrial and arts protection zone.
- Many centers have experienced growing pains, and consequently executive directors recommend that the Art Exchange build more space than it thinks it will need. The Crucible's history best illustrates this maxim: as the Crucible's popularity grew, so did its space requirements, from 3,000 to 47,000 square feet in just three years.
- Each manager emphasized the importance of offering flexible studio spaces in a range of sizes, with natural light, a sink, Internet/phone line, and good ventilation.

Organizational Structure Recommendation: The Art Exchange should be managed and operated as a nonprofit organization to ensure affordable rents and a quality arts education program. However, as a nonprofit, the center should be managed like a business to create profit for reinvestment in the organization. The Art Exchange board of directors should include representatives from city government, the Redevelopment Agency, the real estate/development industry, the East Village Association or chamber of commerce, and the Long Beach arts community.

Case study findings:

- Facility managers highlighted the importance of managing all of their programs under one nonprofit entity to improve coordination and synergisms between arts education, the gallery, and art studio leasing programs.
- All the art centers have struggled with what it means to be a nonprofit. With significant pressure from artist-tenants to keep rents low, some centers did not initially generate enough income to guarantee organizational growth and health. Only after approaching their facility as a business have centers such as RAP and the Torpedo Factory realized significant growth and development.
- Many EDs also stressed the value of having a professional and diverse board of directors composed of businesspeople, city representatives, museum directors, neighborhood representatives, educators, and artists to guide the organization.

Sample Mission Statement

The purpose of the Art Exchange is to operate and manage an Art Center in the East Village that provides:

Professional working space for visual artists, where the public can observe and participate in the creative process;

A high-quality arts school, where people of all ages have the opportunity to participate in hands-on arts classes in a variety of media;

An art gallery, where new works are shown monthly, representing the diversity of both the international and Long Beach's visual arts communities;

An event venue, where a variety of public and private events are held to encourage art appreciation and support the operating costs of the Art Center.

Staffing and Staff Development Recommendation: The Art Exchange will need eight full-time staff once the facility is running at capacity, including the following key staff positions: Executive Director/Facility Manager, Gallery Manager, Receptionist, Arts Education Program Manager, Arts Education Coordinator, Office Manager, Business Manager, and Event Manager. Instructors should be paid on a contract basis based on a percentage of gross class fees (typically 50 percent) so that the Art Exchange will not lose money on any class. Art instructors should be selected through a competitive proposal process in which potential teachers prepare a proposal to teach an art class. Instructors should be selected based on teaching experience, creativity, and market demand.

Case study findings:

- Facility managers emphasized the importance of hiring professional staff. For example, the Rockland Art Project struggled for many years because of mismanagement by artist managers. Only after hiring a professional manager with business experience has RAP began to thrive.
- Case study facilities have from five to twelve full-time-equivalent staff.
- All programs hire art instructors as contract labor, and most pay their instructors a percentage of the fees from students in their course.

- Not all artists make good teachers, and each center has focused on securing quality instruction by hiring artists with teaching experience. The Crucible has the most difficulty finding qualified art instructors because all of its courses are in the industrial arts. Consequently, it calls for quarterly teacher proposals for art classes and has instituted a mentoring process whereby students can become teacher's assistants and then instructors in their own right.

Community Relationship Recommendation: The Art Exchange staff should work collaboratively with neighborhood residents, merchants, and city government to make certain that the Art Exchange is a net benefit to the East Village and the City of Long Beach. Specifically, the Art Exchange should complete an economic impact analysis every five years to quantify the facility's impact on the local economy. The Art Exchange can also consider some type of community outreach program that continues the significant progress that the East Village has made in neighborhood beautification.

Case study findings:

- All art facilities have forged close ties with their city governments, which were very instrumental in funding and/or financing some portion of development costs. City government also helped ease the zoning issues that these mixed-use facilities often encountered. Even for-profit facilities were developed in close partnership with local government due to zoning issues.
- Each executive director underlined the importance of building excellent relationships with local merchants, who tend to view the art facilities as subsidized competition. These relationships were developed in innovative ways. For example, the Emerson Umbrella Center for the Arts requires its studio artists to volunteer their artistic talents to local community projects, while the Torpedo Factory commissioned an economic impact report of the Torpedo Factory effect on tourism and tax revenue.

Artists Studio Operation Recommendation: Tenant artists should be selected through an annual professional juried process, well advertised throughout Los Angeles County. A broad and diverse artist applicant pool will result in the selection of quality artists. The jury should consist of distinguished professionals in the arts field and may include professional artists, art gallery managers, museum curators, arts educators, arts administrators, etc. The jury should not include Art Exchange tenants to avoid favoritism and nepotism in the selection of new tenants.

The Art Exchange should offer a two- to three-year lease to each artist upon jury selection and studio space availability. Leases should be renewed on a three-year cycle thereafter. For each renewal, the Art Exchange should require artists to again submit slides for a juried selection process. With re-jurying all artists in the facility will actively be involved in creating art, and the potential problem of subsidized space being retained by inactive artists will be avoided.

The Art Exchange should set a minimum number of hours per year for each studio to be actively in use. Active studio use will make the facility an attractive visitor destination and help to fulfill the economic development benefits of the project. In addition, active studio use by all artists will increase the flow of visitors and the potential market for each artist to sell her or his own work. For example, artist studios should be open to the public a minimum on 1248 hours per year (24 hours per week) between the operating hours of 10:00 a.m. and 5:00 p.m.

Case study findings:

- Many interviewees also cautioned that the roles and responsibilities of tenant artists must be well defined. For example, most facilities require that artists actively use their studio for a minimum number of hours per week to guarantee a vibrant facility and discourage idle studios.
- All case study facilities use a juried selection process to select artists. However, the Emerson Umbrella Center for the Arts emphasized that a system must be in place for asking unproductive artists to leave so that quality affordable space is not monopolized by “retired” artists.

Art Program Recommendation: The Art Exchange should develop a quality, accessible, hands-on education program that serves the Long Beach market niche. Quality arts equipment can be readily obtained through donations from equipment manufacturers.

Case study findings:

- Executive directors emphasized the significance of understanding the local arts education market and knowing your value within it. Providing quality, innovative, and enjoyable instructors is a critical key to success. For example, the Crucible is successful, even though similar classes are offered for less at a local community college, because the Crucible’s classes are very creative, hands-on, and experiential, while the community colleges classes are chalkboard based. Conversely, the Crucible successfully competes with California College for the Arts (formerly California College of Arts and Crafts) by providing similar creative classes at a more affordable price.
- Many art facilities receive significant equipment donations. For example, the Crucible has obtained almost all of its industrial arts equipment through donations and bargain sales. The Crucible just received a large annealing kiln (12’ x 4’) as a donation from a glass manufacturer who needed more studio space. The manufacturer even paid \$300,000 to move the kiln to the Crucible’s facility.

Promotions and Marketing Recommendation: The Art Exchange should implement a comprehensive marketing and advertising strategy targeted at local and area residents and regional and international visitors. Specifically, the near-term strategy should focus on the Art Exchange grand opening and create a buzz of excitement about this anticipated event. The longer-term strategy should include comprehensive and ongoing public relations, development of a Web site, promotional events, advertising and media placement, and other activities to maintain interest in and knowledge about the Art Exchange.

The Art Exchange should hold at least two annual self-promotional events, including an open studios event to coincide with the annual East Village Tour Des Artists and an annual industrial arts and fine arts celebration featuring art demonstrations, hands-on art activities, food, performance art, and music. Each of these promotional events should generate income for the facility. During the open studios event, the Art Exchange could consider holding an art show with booth spaces in the event area to generate additional income.

Case study findings:

All the art centers found that self-produced promotional events and gallery openings bring people to the facility and thereby create economic and growth opportunities for the organizations. For example, the Crucible holds two or three major creative “fire art” events per year, which have attracted positive press, equipment donations, new

students, new teachers, and new donors. In January 2004, the Crucible held a "Fire Opera" in partnership with the San Francisco Opera, which generated great publicity.

Security & Safety Recommendation: The Art Exchange should develop a security and safety program for the facility. Artist studio security will be an important consideration as some artists work with valuable supplies such as silver and gold. Each studio should have its own keyed locking system; and five to eight studios should be equipped with a security system to meet the needs of jewelers and other artists who work with valuable materials. Safety in the industrial labs should be ensured through a safety training program for all instructors, students, and hourly users. In addition, the Art Exchange should develop a training video for use of all equipment and should implement a liability release program.

8. Development of the Remainder of the Block

As part of the Long Beach Central Redevelopment Project Area, the Arts District is conceptualized as a place where

- Artists live and work;
- Arts-related activities and events occur on a regular basis; and
- Tourists and visitors shop, dine, and are entertained in an environment that celebrates cultural diversity and artistic expression.

To achieve these goals and to maximize the impact of the Art Exchange, the remainder of the block should be developed to improve connections between the Art Exchange, the East Village, and Lincoln Avenue. After a review of the East Village urban fabric, MJC recommends the following:

- Activate Broadway Street between Elm and Long Beach Boulevard with interesting complementary retail and restaurant venues. Currently, The East Village remains isolated from economic activity of Lincoln Avenue by pedestrian-unfriendly First and Second Streets between Long Beach Boulevard and Elm Street.
- Pursue retail uses that encourage and support arts and arts activities. The existing camera shop and bookstore already achieve this end. Other art-supportive retail includes arts and crafts supply stores, framing shops, gift stores, clothing boutiques, children's apparel, specialty music stores, ice cream parlors, coffee shops, and restaurants. Stores that import inexpensive arts and crafts from third world countries should be avoided as they will compete directly with Art Exchange artisan sales.
- Give preference to live-work lofts that serve artists and other "creatives," as they are a strong complementary use. Currently, Long Beach has relatively few urban loft developments, though demand for this type of space has grown steadily among young and middle-aged single urban professionals and artists. Downtown, live-work lofts would serve the dual purpose of further supporting the development of the Art District while adding to downtown's night life.
- Mixed-use activities should complete the remainder of the block, specifically, combinations of first-floor retail with housing and/or office above. Small office users such as architects, designers, Web publishers, and other "creatives" would be particularly attractive and would complement the Art Exchange facility. Housing could include affordable and mixed-income housing.

Figure 6: Block Development Plan



SHARED PARKING AND OTHER AMENITIES

The envisioned parking structure, located in the center of the block, will serve the Art Exchange, live-work, and mixed-use developments on the block. These uses will largely occupy the parking structure in a complementary fashion as indicated in Table 16.

- Live-work residents will use the parking structure primarily at night.
- Office employees, retail customers, and artists will use the parking facility during prime working hours (8 a.m. to 5 p.m., Monday through Friday).
- Art Exchange art students will use the facility from 5 p.m. to 10 p.m. Monday through Friday and during the day on Saturday and Sunday.
- Art Exchange event attendees will use the facility primarily on Friday and Saturday nights.

Table 16: Parking Utilization by the Block

Time	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
8:00am - 5:00pm	Office, Artists, Customers	Office, Artists, Customers	Office, Artists, Customers	Office, Artists, Customers	Office, Artists, Customers	Students, Artists, Customers	Students, Artists, Customers
5:00pm - 10:00pm	Students, Artists	Students, Artists	Students, Artists	Students, Artists	Events	Events	Events
5:00pm - 7am	Residents	Residents	Residents	Residents	Residents	Residents	Residents

The parking structure should offer monthly parking passes for block tenants and hourly fee parking for visitors, customers, and clients.

The parking garage should also encourage the use of alternative transportation, by providing dedicated carpool and vanpool parking spaces, electric vehicle charging stations, and bicycle facilities.

9. Sources of Funding

Some state, federal, and foundation sources of funding are available to assist nonprofits and arts organization with the purchase of a nonprofit-owned and -occupied building. MJC has identified many of these funding sources, the typical funding amount, funding purpose, and contact information by funding type below.

CAPITAL CAMPAIGN

Capital fundraising campaigns will cover a portion of the final purchase and build-out costs for any project. The use of capital campaign funds and other nondebt sources to finance a portion of a project allows nonprofit organizations to pay the operating costs of the building (utilities, maintenance, insurance, reserves, etc.) and a reduced and manageable monthly mortgage payment. A nonprofit-owned and -occupied building typically requires a capital campaign of 20 to 40 percent of a project's total cost. A good capital campaign will reduce the amount of debt financing required for a project and thereby ensure the financial viability of the project. In relative terms, corporations are a minor source of giving to capital campaigns. According to a 1994 study, private individuals accounted for only 1 percent of capital gift dollars between 1988 and 1992.⁹ The same report notes that individual giving tends to fluctuate with the economy because it is largely driven by income. By contrast, foundations and a small number of the largest individual donors make donations to capital campaigns based on net assets. This asset-based giving is likely to be the best source of capital campaign funds for a nonprofit-owned building such as the Art Exchange.

California Arts Council

CAC is the administrator of the Cultural Institutions Program, which funds capital improvement projects by arts organizations in California. Currently, the council passes through funding designated to specific groups by the California Legislature. Nonprofits must obtain the support of their local state legislators to be eligible for these funds.

The Kresge Foundation

<http://www.kresge.org/programs/index.htm>

Grant Amount: \$150,000 to \$2,000,000

Application Deadline: no deadline, applications are reviewed within 4 to 6 months

The Kresge Foundation is well known for making grants for capital projects. Their Bricks and Mortar program is geared specifically to build facilities and to challenge private giving. Kresge is likely to be the primary source of foundation funding for any green building project, as Kresge is specifically interested in funding green projects. Tax-exempt, charitable organizations operating in fields of higher education, health care and long-term care, human services, science and the environment, arts and humanities, and public affairs are eligible to apply.

⁹ Michael Bake, *A Study of Capital Giving to San Francisco Nonprofits*, 1988–1992, 1994.

California Community Foundation

<http://www.calfund.org>

The CCF uses the terms *nurturing neighborhoods* and *building community* to capture the strategies and principles of smart growth and livable communities. The foundation's smart growth activities are funded at approximately \$3–4 million per year, and the nurturing neighborhood program is currently funded at \$25 million. After two years of success, that initiative fostered a \$10 million program-related loan fund called the Los Angeles Emerging Markets Fund.

Energy Foundation

<http://www.energyfoundation.org/>

Grant Amount: \$25,000–\$200,000

Application Deadlines: March, June, November

The Energy Foundation is a partnership of major foundations interested in sustainable energy. It was launched in 1991 by the John D. and Catherine T. MacArthur Foundation, the Pew Charitable Trusts, and the Rockefeller Foundation. The Joyce Mertz-Gilmore Foundation joined as a funding partner in 1996, and the McKnight Foundation joined in 1998. In 1999 the David and Lucile Packard Foundation joined to support two programs: the U.S. Clean Energy Program (now the Climate Program) and the China Sustainable Energy Program. In 2002 the William and Flora Hewlett Foundation joined to support advanced technology transportation and clean energy for the West. The Energy Foundation will support innovative programs to encourage greater energy efficiency in buildings. The foundation is particularly interested in efforts to improve building codes and equipment standards that promote cost-effective, energy-efficient technologies. For a list of previously funded projects please see:

www.ef.org/documents/AR2002BackEnd.pdf

Ford Foundation

<http://www.fordfound.org/about/guideline.cfm>

Funding: Program Related Investments of \$100,000 to \$500,000

Deadline: Year-round for letter of interest

The Ford Foundation makes Program Related Investments (PRIs) in capital projects that support the foundation's current interests, which include media, arts, and culture; human rights; education; community and resources development; governance and civil society; economic development; and knowledge, creativity, and freedom.

James Irvine Foundation

www.irvine.org

Having been engaged in a year-long strategic planning effort, the foundation has determined that in order to achieve greater impact moving forward, it will focus activities in the areas of youth, the arts, and California perspectives (research and information about significant issues facing the state and its regions).

MacArthur Foundation

www.macfdn.org

The John D. and Catherine T. MacArthur Foundation is a private, independent grant-making institution dedicated to helping groups and individuals foster lasting improvement in the human condition. The foundation's program may be helpful to green building efforts that have a community development purpose.

DEBT & BOND FUNDING

Most real estate development depends heavily on loans for financing, and a number of below-market debt sources are available to the nonprofit project.

Local Initiatives Support Corporation (LISC)

LISC provides recoverable grants, loans, and equity investments to local Community Development Corporations (CDCs) for neighborhood redevelopment.

LISC provides:

- Debt financing at 6 percent for a fifteen-year term with a seven- to ten-year balloon payment. LISC will provide up to \$1,000,000 in debt financing through their regular loan program.
- New Market Tax Credit Allocation is available for \$3.5 to \$5 million loans at 7 percent with a twenty-year amortization and a seven-year balloon payment. This tax credit requires a job creation component to the project.
- Loan Guarantee: LISC provides a loan guarantee that helps newly formed 501(c)(3) organizations obtain traditional financing. The loan guarantee charge is 1 percent amortized over the life of the guarantee. Many nonprofits find that they can refinance without a loan guarantee in three to five years.
- Equity Product: LISC provides a loan that acts like an equity product in that it requires no debt service (mortgage payments) until the borrower pays the balloon payment, and then the equity product is usually refinanced. This product reduces the cash flow requirements for the project in the first seven to ten years of ownership.

LISC also permits for-profit tenants in a nonprofit-owned building, so long as the market rents are used to lower occupancy costs for nonprofit owners and tenants or to pay for programs.

Contact: Neelura Bell, Program Manager, (213) 250-9550

The California Infrastructure and Economic Development Bank (CIEDB)

CIEDB is a statewide issuer of tax-exempt and taxable conduit revenue bonds, assisting nonprofit organizations expand and prosper. 501(c)(3) Revenue Bond Program financing is available to eligible nonprofit corporations for acquisition and/or improvement of facilities and capital assets. Nonprofit organizations are not subject to any upper limit on the size of a bond. The Infrastructure Bank frequently funds 20 to 100 percent of project costs. Bond financing is at two percentage points below prime for a fifteen- to thirty-year term. The bond costs include an issuance fee of .25 percent of the value of the bond and an annual fee of \$500 until the bond is paid in full. Since 1995 the CIEDB has provided \$962 million in bond financing to nonprofit agencies, funding a variety of projects ranging from the Asian Art Museum of San Francisco to the Scripps Research Institute in La Jolla to the American Center for Wine, Food, and the Arts in Napa. CIEDB can also provide taxable bond financing for the artist-occupied portion of the project. These funds are currently available at 6 percent interest for a thirty-year term. In addition, the capital campaign for the project can be used solely to fund most of the artist-occupied portion of the project and thereby further reduce the need for taxable bond financing.

www.ibank.ca.gov

Contact: Jeffrey Emanuels, Manager, Conduit Financing
California Infrastructure and Economic Development Bank
1102 Q Street, Suite 6000
Sacramento, CA 95814

(916) 324-1299 (voice), (916) 322-6314 (fax)
E-Mail: jemanuels@commerce.ca.gov

Redevelopment Tax Increment

Projects located in redevelopment areas can benefit from tax increment financing through the local Redevelopment Agency. Tax increment financing (TIF) can be used either for direct capital grants or be packaged into low-interest short- and long-term loans.

Conventional Bank Funding

A convention loan may be required to finance some portion of the Art Exchange Project. The Art Exchange will be difficult to finance through a conventional bank because the owning nonprofit entity does not have a financial history or a history of operating such a building. Even with significant equity and a loan guarantee (through LISC or the Redevelopment Agency), the interest rate is likely to be higher than market rate. The project should seek a loan from a bank that specializes in loans for community development purposes and serves nonprofits. In general, the project may anticipate obtaining a note with:

- Fixed-rate financing for two to three percentage points over the adjusted treasury rate (3 percent spread)
- A seven- to ten-year call (a 7—10-year balloon payment) with twenty- to twenty-five-year amortization
- A 1 percent to 1.5 percent origination fee (points) due at loan signing

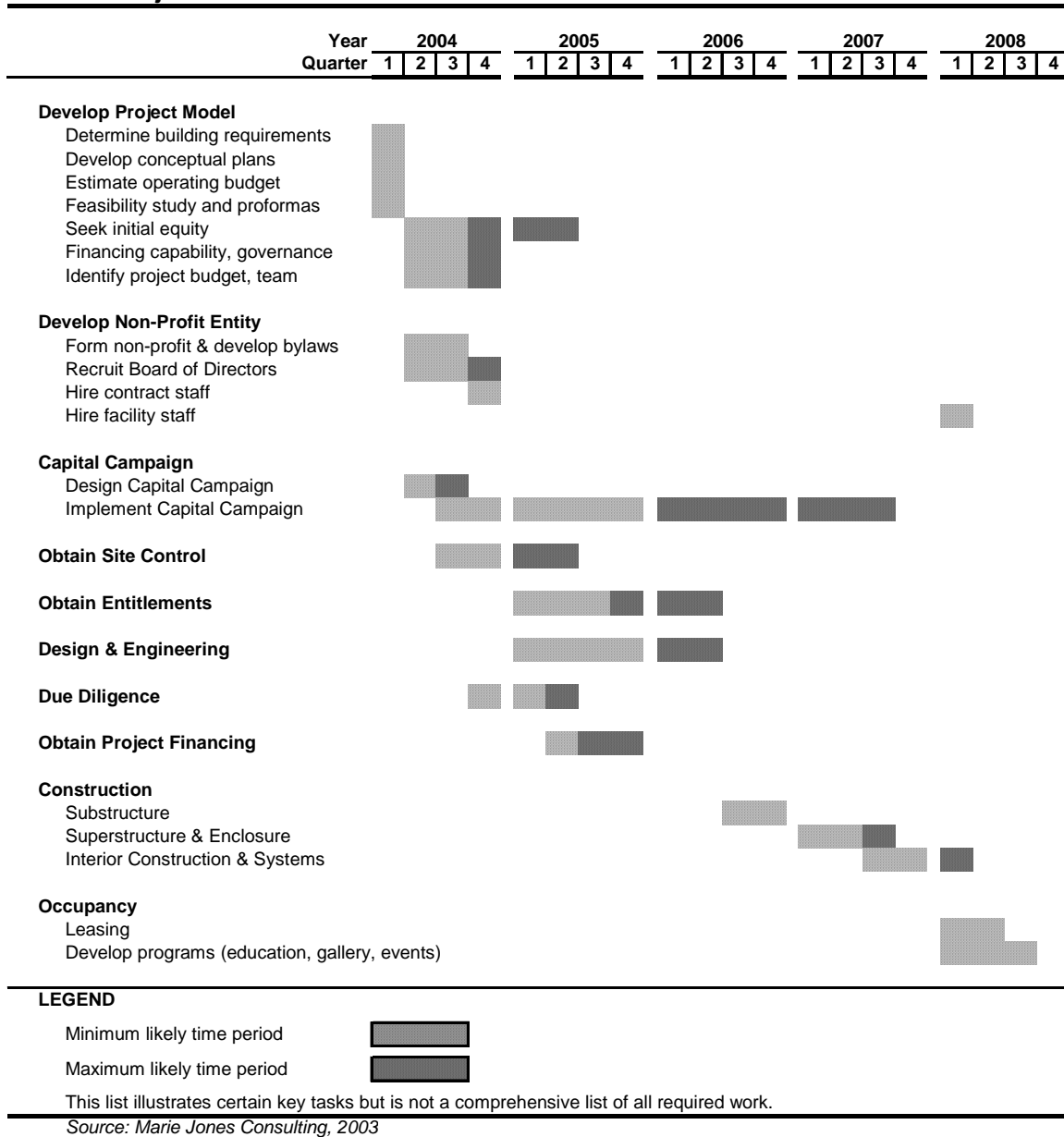
In addition, the project will have to raise at least a 30 percent equity investment, as most banks will not make a loan on a project of this type with a loan-to-value ratio of more than 70 percent.

10. Next Steps

To move this project forward, a number of activities must be undertaken as indicated in Table 17 below.

- Meet with key constituencies to review the findings of this feasibility study and discuss next steps.
- Form or select an existing 501(c)(3) to own and operate the building. Recruit a diverse board of directors to assist with the development and management of the building. For the development phase, the board should specifically include experts in development, financing, and facilities management.
- Develop a legal framework to own and manage the land and the building. As the project moves forward, a real estate attorney and a tax attorney should be retained.
- Seek initial equity and gain site control, for without site control few philanthropists or foundations will contribute to a capital campaign.
- Pursue additional funding to support further predevelopment activities, such as a capital campaign and project staffing.
- Hire contract employees to staff the project. This effort will require a grant writer and/or capital fundraising consultant and a half-time senior-level person to undertake the development activities (site control, entitlements, financing, fundraising, and contractor/consultant management).
- Obtain necessary entitlements (zoning variances, permits, etc.).
- Complete a feasibility study for a capital campaign and initiate the capital campaign if feasible.
- Select the project team, including the architect; mechanical, electrical, and structural engineers; and the construction project manager through an RFP process.
- Undertake design and engineering activities.
- Obtain project financing and a loan guarantee.
- Undertake construction of the facility.
- Hire permanent staff.
- Occupy, lease, and initiate facility programs.

Table 17: Project Timeline



11. Conclusion

Development of the Art Exchange offers a unique opportunity to stimulate economic activity in the East Village and improve connections between the East Village and downtown Long Beach. To the extent that the Art Exchange attracts daily visitors to the East Village, it will also benefit revitalization of the surrounding blocks within the East Village.

Current market conditions are strong for this facility at the proposed location. Creative use of tax increment financing, low-interest bonds, and other forms of financing will help to ensure a financially self-supporting facility.

The Art Exchange also offers a unique opportunity to create a focal point for Long Beach's cultural and artistic strengths. This project clearly fits city goals with regard to the East Village. Perhaps the city can work with community members to help meet the project's modest capital campaign requirements and thereby play a lead role in bringing this project to Long Beach.

Appendix A: Art Facilities Case Studies

THE TORPEDO FACTORY ART CENTER

Alexandria, Virginia

<http://www.torpedofactory.org/>

The Torpedo Factory Art Center is one of the largest and most successful visual arts centers in the United States. The facility was created through the joint effort of a group of local artists and the City of Alexandria, Virginia in 1974. Formerly a torpedo shell cases factory, the \$4 million renovated facility offers 84 artist studios, galleries, art classes and event space.



History

The Art Center, an actual torpedo factory built in 1918 by the U.S. Navy, was responsible for the manufacture and maintenance of torpedoes for five years at the end of the Great War. Between the first and second World Wars the facility served as a munitions storage area. During World War II ten new buildings were added to the complex as men and women worked around the clock to produce submarine and aircraft torpedo. With a return to peace in 1945, the U.S. government again used the buildings to store Smithsonian art objects and dinosaur bones, congressional documents, and German war films and records.

The City of Alexandria bought the complex of buildings in 1969. However, it was several years before an acceptable plan for their reuse was adopted by City Council. In early 1974, the building interior was renovated by artists working in concert with the City of Alexandria. Overall 40 truckloads of debris were removed, studio walls were built, electricity and plumbing expanded, and the entire exterior was repainted. Within six months, artists had converted the huge space into a complex of bright and clean studios. Most of the studio spaces had been reserved by that time from a list of juried artists.



By 1983, the building required major repairs and improvements, which were financed in part by federal historic tax credits.¹⁰ In order to take advantage of the federal historic tax credit program the building was sold to Alexandria Art Center Associates, leased back from AACAA to the City, and subleased to the Torpedo Factory Artists' Association. As part of the sale agreement, the City had a one time repurchase option

¹⁰ The Federal Historic Rehabilitation Investment Tax Credit is an incentive to taxpayers who contribute to the preservation of historic buildings through rehabilitation. It provides a dollar-for-dollar reduction of federal income tax owed equal to 20 percent of the cost of rehabilitating "certified historic structures". Projects must go through the three-part "Historic Preservation Certification Application" process at the state and federal levels - the State Historic Preservation Office (SHPO) and the Secretary of the Interior/National Park Service (NPS). The tax credit can be applied against rehabilitation costs, construction interest and taxes, architectural and engineering fees, legal and professional fees, developer's fees, and general and administrative costs.

to be exercised in 1998. The City Council approved the repurchase on August 31, 1998. The purchase price was negotiated in a prescribed series of appraisals. A balloon payment from the original loan to AACA in 1983 covered most of the purchase cost. In the lease agreement that ran from 1983 to 1998, the City was responsible for many operating costs, a percentage of real estate taxes, and 1/3 of the utilities in addition to annual rent payments. Since 1983, the City and the artists have evenly split the operating costs of the Art Center, including payroll for city staff.

In 1994, the Office of Budget and Management completed a management study of the Art Center, precipitated by the City Manager's recommendation that the Art center be privatized. On September 1, 1998 the Artists' Association took over all management of the building, and the City now acts as the landlord.

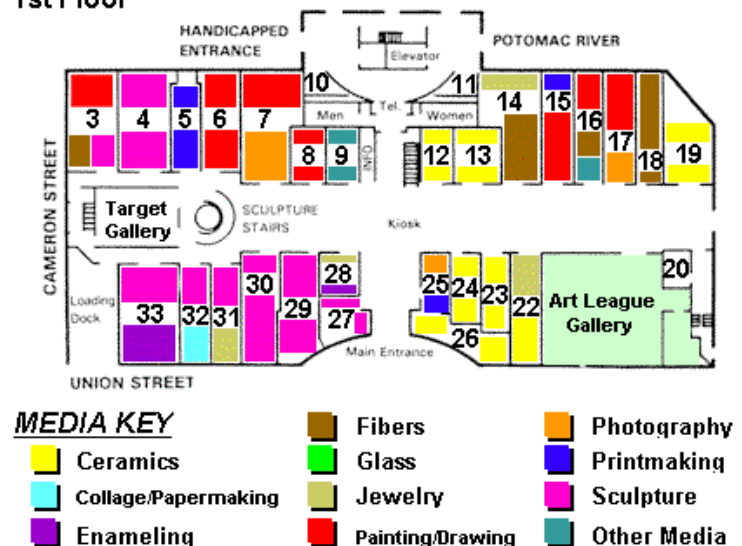
Lessons Learned

- Own your facility. Early in the redevelopment process, when the building was owned by a developer and leased to the City, the developer sought to charge market rents, as real estate values had increased in the surrounding neighborhood. The artists, who had themselves contributed sweat equity to the building renovation, were threatened by proposed rent increases. Only after the City purchased the building and insured affordable rents did artists feel at ease.
- Obtain spot zoning specific to your use. In 1974 the facility was located in an industrial district, however as the area's real estate prices increased, the zoning in the surrounding community changed. The Torpedo Factory now has a mixed-use spot zoning designation, which restricts the Torpedo Factory from engaging in metal forging, glass blowing or raku pottery. Only electric powered kilns for glass fusing and pottery are allowed.
- Design a flexible building with studio spaces which can be used by a wide variety of users. Some studios in the Torpedo Factory do not offer sinks, natural light, or exhaust venting which limit their marketability. Because of its age the building is not wired for internet access, which is a problem for many artists.
- Forge excellent relationships with surrounding merchants. The Torpedo Factory has at times been at odds with neighborhood merchants because of the Factory's subsidized studio and retail rents. By working hard to be a good neighbor and reaching out to merchants with solid statistics of the visitor and tourist attracting power of the facility, staff have strengthened ties with neighborhood merchants.

Facility Description & Layout

Overall, the Art Center is a three story, 71,318 sq. ft. facility that covers nearly one city block. The Torpedo Factory has 84 artist studios, 8 group studios and 6 galleries. Glass walls allow visitors to see artwork in the studios even when artists are not present. The main hall, a two-story atrium, has a balcony surrounded by individual studios and is often used for evening events. The facility is flanked by two large brick terraces, which are also used for events. A skylight in the high ceiling and large peripheral windows ensure adequate day lighting.

1st Floor



Organizational Structure & Management

The Torpedo Factory and the Art League are two distinct non-profits which together manage the physical structure, events and classes at the facility. The Torpedo Factory is a tenant managed organization which runs the artist studio rentals, gallery rentals and events program. During the annual general meeting Torpedo Factory leaseholders elect a managing board from among its members, and volunteer to serve on a variety of committees that address publicity, maintenance, and artist activity. The Art League, a staff managed arts education non-profit, manages all art classes and the Art League gallery.

With a combined annual budget of \$3.5 million for both the Torpedo Factory and the Art League, this facility is clearly one of the biggest art centers in the nation.

- The Torpedo Factory's \$1 million dollar budget is supported by monthly artist membership dues, studio rent and special event rental income. Artist and event venue rent covers all interest costs, general service operating costs, and all future maintenance and repair costs excluding exterior repairs. Operating costs are also borne by the artists.¹¹
- The Art League is funded primarily through the arts education program, which brings in approximately \$2 million in annual revenue, and the gallery and art supplies store which earn an additional \$500,000 in annual revenue.

The Torpedo Factory has four staff members including a Director, who serves as the board liaison, a Business Manager, a Gallery Manager and an Event Coordinator, while the Art League employs six full time staff.

Facility Programs

Studio Rentals. The torpedo factory offers 84 studio spaces, 50 small (250-300 square feet), 29 medium sized (350-400 square feet), and 5 large studios (500+ square feet). Each studio must be open for 32 hours per week and shared studios allow part-time artists to meet this requirement. Some studios lack sinks, natural light, and/or exhaust systems and these studios are more difficult to rent.

Artists are selected through an annual jury process in which outside art professionals, in closed session, select work solely on artistic merit. The jury is widely publicized in advance throughout the area in order to attract professional artists of every race, gender and culture.¹² Approximately ten percent of applying artists are accepted each year and there is about a ten percent turnover in studio space each year. Spaces are leased out for approximately \$1 per square foot per month.

Arts Education. The Art League, a separate non-profit organization dedicated to arts education, offers non-credit classes in every fine art medium and manages the largest gallery in the Torpedo Factory. The Arts League's annual budget of \$2.5 million, comprised almost entirely from earned revenue, is derived from arts education classes (60%) and art gallery and art store revenues (40%). The 50 year old non-profit has two off-site classroom facilities totaling 9,000 sq. ft., in addition to it's 3,000 sq. ft. of classroom space at the Torpedo Factory. The Art League is looking to purchase a new

¹¹ Operating costs include: administrative, janitorial, security, staff, advertising, printing, minor building maintenance, lighting supplies, and insurance for the building.

¹² Recent jurors include experts from Art News Magazine, Howard University's art department, the National Museum of American Art, Frostberg State University, the Corcoran Gallery plus other area gallery directors.

facility in five years to consolidate and expand its current locations, though it will maintain its presence at the Torpedo Factory. The Art League has six full-time staff.

The Art League has maintained financial health by paying instructors based on the number of students who attend a class. Each instructor receives 50 to 60 percent of class tuition, and the remainder is retained by the Art League. This insures that all classes are profitable and helps to retain excellent instructors as they make good incomes, while immersing instructors are often willing to teach a low-enrollment course in order to build a reputation. The quality of instruction is high, as many of the Art League faculty members also teach at local colleges and universities. All art instructors are contract employees of the Art League.

Over 8,000 students are enrolled in the 800 annual art classes. Adult Art classes include: drawing, printmaking, photography, painting, fibers, sculpture, pottery/ceramics, pastels, jewelry and watercolor. Children's classes cover art fundamentals, drawing, painting, cartooning, photography, and clay. Week-long summer art camps are offered in July & August.

The Art League Supply Store, an on-site facility, sells art supplies for all art classes. The Art Center also offers high school mentorship programs; docent tours; visiting artist lectures; Youth at Risk art programs; the Arts Safari an annual, city-wide arts festival, and hosts a number of City of Alexandria events.

Event Space Rentals. The facility is very actively rented (90%) on Friday and Saturday nights for weddings and parties, and rented rarely (once or twice a month) during weekdays, primarily for corporate and cocktail parties. Rental rates range from \$700/day for the gallery to \$3,000/night for the entire facility. Events generated \$300,000 of revenue in 2003. The Torpedo Factory has one full-time event coordinator and hires subcontractors to work specific events (set-up, catering, parking, etc.). There is little conflict between events and other users of the building as weekday events are not allowed to have music while art classes are in session.

Cooperative Galleries. There are six cooperative galleries located in the Torpedo Factory Art Center, two all-media and four representing a major medium.

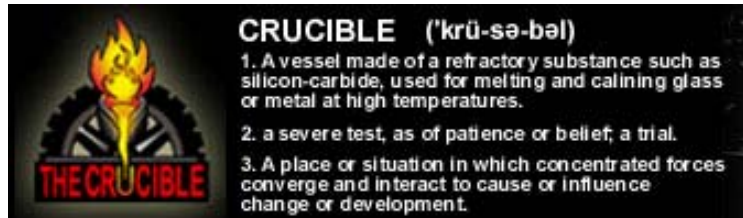
- The Art League is an "all media" non-profit galley with four decades of service to artists and the public. The 1,200 square foot Studio 21 gallery offers a new juried show each month, with judges from the Washington artistic community selecting the shows from among the 200-500 monthly submissions entered by the League's 1,100-plus members. The Gallery sells 20 percent of any given show, and is staffed with paid employees.
- The 450 square foot Target Gallery, the national exhibition space of the Torpedo Factory Art Center, is run by the Torpedo Factory Artists Association who plan all exhibitions. The gallery hosts nine exhibits annually--some juried, some curated--featuring a variety of themes and artists. Exhibits are usually composed of artists outside of the Torpedo Factory and represent artistic views from across the nation and traveling shows from Austria and Czechoslovakia.
- The Enamelists Gallery, a 200 square foot cooperative of 16 enamel artists, is located in Studio 28 on the first floor of the Torpedo Factory.
- Potomac Craftsmen Gallery, opened in 1974 has 70 members and features eleven new shows a year, offering fiber items of every description.

- The Scope Gallery, a first floor 700 square foot cooperative, displays the work of juried artist members from the Ceramic Guild and the Kiln Club. Shows alternate monthly between the two member organizations and feature a wide variety of hand crafted pottery and ceramic art.
- The cooperative Fiberworks Gallery exhibits the fiber arts of four gallery members in a 600 square foot first floor studio.
- Factory Photoworks Gallery a 500 square foot cooperative membership gallery showcases the works 14 photographers and juried guests on the third floor of the Torpedo Factory.

THE CRUCIBLE

Oakland, CA

www.thecrucible.com



Established in 1999, The Crucible is the Bay Area's only nonprofit sculpture studio, educational foundry and metal fabrication shop offering classes in fine and industrial arts. The Crucible offers affordable accessible classes and workshops enrolling approximately 3,000 people annually, provides 16 affordable artist studio spaces on site, and offer's an art gallery.

History

The Crucible was born out of the founder's ambition to provide exceptional industrial arts education space in the Bay Area so that he could effectively teach industrial arts programs. In 1999, with a \$1,750 seed grant from the Levi Foundation, a white-paper, and \$10,000 of his own and his partner's money, Executive Director, Michael Sturtz, leased 4,000 square feet in West Berkeley for a new industrial arts education studio. Over the following two years the program grew to 17,000 and then 22,000 square feet of the original building. The phenomenal growth and the corresponding high-profile triggered City Planning Commission decision that the Crucible was an inappropriate use for the area. (This was ironic to many area artists as the Crucible was located in a Mixed-use Light Industrial Protection zone, designed to protect industrial and artist space). In addition, the building required significant safety and seismic upgrades. Both of these factors precipitated a short program shut down while the Crucible solicited donations and searched for a new location. With an anonymous gift of \$1.3 million and a bridge loan of \$2.3 million, the Crucible bought its current 47,000 square foot facility in West Oakland. With the acquisition and improvements to the larger facility the Crucible has quadrupled class offerings and community events and now offers 16 artist studios for rent.



Lessons Learned

- Develop a quality, accessible, hand-on education program that serves your market niche. The Crucible is successful, even though similar classes are offered for less at a local community college, because the Crucible's classes are very creative, hands-on and experiential, while the Community colleges classes are chalkboard based. Conversely, the Crucible successfully competes with California College for the Arts (formerly California College of Arts and Crafts) by providing similar creative classes at a more affordable price.
- Set up an industrial arts teacher training program. The Crucible has found it difficult to find top industrial artists to teach courses, while a plethora of artists are willing to teach drawing, painting, ceramics, and fiber arts. Consequently, the

Crucible has instituted a mentoring program, whereby a student can move from student to T.A., to lab monitor, and finally to teacher. This program insures that the Crucible has a steady supply of industrial arts teachers in training. Indeed, some of the Crucibles graduates have gone on to found their own teaching facilities such as Public Glass in San Francisco.

- Build or buy more space than you think you will need. The Crucible's history illustrates this maxim: as the Crucible's popularity grew, so did its space requirements. Industrial arts classes require both specialized equipment and large floor areas, and the Crucible notes that a decent industrial arts program would require at least 6,000 sq. ft. of dedicated classroom space.
- Obtain top City leadership and buy-in on your facility concept and activities. The Crucible started its journey in the City of Berkeley's Light Manufacturing Industrial Protection zone. However, the City classified this industrial arts facility as a vocational education program. The Executive Director was told by the City's Zoning Director that as a vocational education program the Crucible was "similar to Heald College and should be located in an office building." Consequently, the City would not let the Crucible expand as it's programs grew. In contrast, after a tour of the new facility, Oakland Mayor Jerry Brown told the Crucible that it would have a "trouble-free existence in Oakland" and so it has according to Executive Director Michael Sturtz.
- If you want to get, you have to ask. The Crucible has obtained a wide variety of quality new and used industrial arts equipment through donations and bargain sales. For example, the Crucible just received a large annealing Kiln (12' x 4') as a donation from a glass manufacturer that needed more studio space. The glass manufacturer even paid \$300,000 to move the Kiln to the Crucible's facility.
- Hold creative events to bring people to your facility and get them excited about what you do. The Crucible holds two or three major creative events per year, which have effectively attracted positive press, equipment donations, new students, new teachers, and new donors. In January 2004, the Crucible will hold a "Fire Opera" in partnership with the San Francisco Opera which will generate publicity.
- Make friends with the police and fire department rank and file, and make it clear that you understand and have addressed their concerns. The Crucible regularly holds fire events displaying art work with open flame. By involving the Fire Department in the display of these art pieces and inviting them to attend the event, the crucible has developed a very pro-active and strong relationship with beat cops and fire department linemen. Indeed, some firemen have become Crucible students.
- Design your facility carefully, as you will have to live with the results. Once a facility is built it is much harder to make changes; the Crucible has allocated extra space for materials storage, trash, a tool checkout room, etc. in the new facility. A working outside yard has also been very important for industrial arts activities.

Facility Layout & Description

The facility, a tilt-up manufacturing/warehousing building situated on a 1.435 acre lot, has approximately 3,000 square feet of office space, 42,000 square feet of artist studio and class room space, two dock-high doors and two drive-in doors. The

warehouse area has concrete flooring, an interior concrete rail dock, 48 skylights and 20' clearance ceilings. This area includes:

- Six large classroom spaces of 1,200 square feet each dedicated to arc welding, smithing, grinding, woodshop, jewelry fabrication and kinetics.
- A glass hot-shop (currently under construction) of approximately 3,000 square feet, and a cold glass shop of 800 square feet.
- A machine shop of approximately 3,000 square feet.
- A foundry area with a ceramic shell shop, patina room, and casting room of around 3,500 square feet.
- 16 rental art studios of 400 square feet each and four instructor artist studios of 600 square feet each.
- A tool lending facility of 800 square feet.
- And various storage areas throughout the facility.

The Crucible is currently seeking funds to build an additional 8,200 square foot mezzanine, which will house an AV lecture hall, image/print/digital library, multi-purpose classroom, and an event/meeting space. The \$500,000 mezzanine will be funded through grants and a capital campaign.

The facility's amenities include a 3-ton bridge crane, distributed compressed air lines, and a 300Amp/480 Volt 3 phase electrical service. The building also has 17 parking spaces and a fully fenced rear yard of approximately 3,200 square feet. The facility is two blocks from the West Oakland Bart station, a central station of the Bay Area Rapid Transit System, and the 880 freeway.

Organizational Structure

The Crucible is managed by founder and Executive Director Michael Sturtz, who is himself a sculptor and teacher. The Board of Directors include a number of political and economic heavyweights such as a major developer, the President of the Oakland Planning Commission, a Sun Microsystems Executive, the anonymous donor, community representatives, and various other business leaders.

The crucible's \$780,000 annual budget is composed of 61 percent earned income and 39 percent gift and grants.¹³ The industrial arts education program generates \$425,000/year, while studio rentals earned only \$28,000 (as the new studio space is in the process of build out). Gifts and grants come from an impressive combination of major donor, foundation, government and corporate support.¹⁴ The Crucible employs 10 full-time staff and 50 artist faculty members.

Crucible Programs

Artist Studio Spaces. The Crucible currently provides four instructor-only studio spaces for the use of current Crucible industrial art instructors, and 16 art studio rentals of 400 sq. ft. each for area artists, which are currently under construction. The studios will rent for \$500/month and most are pre-leased. Studio artists can use

¹³ This figure is from the Crucible's 2001 budget, as in 2002 the program was partially shut down while it sought a new facility.

¹⁴ Foundations support: The East Bay Community Fund, The Elizabeth & Stephen Bechtel, Jr. Foundation, Springcreek Foundation, The Chalsty Family, The San Francisco Foundation, International Sculpture Center, The Bernard E. & Alba Witkin Charitable Trust, Tin Man Fund, LEF Foundation, The Walter & Elise Haas Fund, The Stratford-Wunderlick Family Foundation, and The Wallace Family Fund. Government support: Alameda County Art Commission, California Arts Council, and the City of Berkeley. Corporate support: Bayer Pharmaceuticals Corporation, Levi Strauss Company, Cohen Investment Company, REMET, Atlas Welding, Work of Art Catering, Lawrence Berkeley Labs, Komatsu Forklifts, Pacific Pipe and Union Machine Works

the Crucible's industrial arts equipment, located throughout the facility, once they are trained -- a valuable amenity for potential tenants.

Events. The Crucible holds self-produced fundraising events at its facility. These events have been a very effective source of leads for equipment donation, new students, and new donors. The events earn between a few thousand and \$20,000 each. Past events include:

- Fire eating events, where Bay Area chiefs prepared spicy hot delicacies on industrial arts cooking equipment.
- A semi-annual community open houses where visitors of all ages watch and participate in industrial art demonstrations and activities;
- And the annual Fire Arts Celebration, which attracts over 2,000 guests for a ticketed performance of fire art, music, and performance art.

Arts Education. The Crucible's primary program is comprised of 75 industrial arts classes and workshops offered during each 10-week session. Courses cover welding, blacksmithing, casting & foundry, ceramics, neon & light, mold-making, machine shop, kinetics & sound sculpture, glass, drawing, painting, jewelry, stone-carving, and woodworking. The Crucible teaches over 3,000 students per year. Additionally, the Crucible's SPARC program introduces young adults from diverse backgrounds to the fine arts and vocational skills offered at The Crucible, through field trips, hands on workshops, and specially designed youth classes.



In addition to industrial arts education, The Crucible offers an on-site gallery and exhibition space with periodic shows of student and teacher works, and custom fabrication & casting services to artist and business clients.

ROCKVILLE ART PLACE

Rockville, Maryland

www.rockvilleartsplace.org

Rockville Arts Place, a visual arts center located in the heart of downtown Rockville, Maryland offers an arts education program of 85 classes and workshops each semester, eleven artist studios, open ceramic and photography labs, and three galleries exhibiting the works of local and international artists in a range of media.



History

The Rockland Art Place (RAP) was founded in 1987 by a team of dedicated artists who located the arts center in a small retail space. In 1991, the City swapped land for a parking facility to a developer, in exchange for dedicated rent free space for RAP in the developer's new shopping mall. RAP has occupied this 13,000 square foot space rent-free for the past 12 years. However, the shopping mall owner recently decided to demolish the shopping mall to make way for new development, thereby putting RAP's future in jeopardy. Once again, the City took a proactive role in securing new space for RAP. The City is currently building a new town center and it is developing a new \$2.5 million dollar, 30,000 square foot, building shell for RAP. While the City will own the new facility, RAP will complete the \$2 million internal build-out with funds from a capital campaign now underway. Rap will move into interim space, financed in part by the City, this December where it will stay until the new space is developed.

The Rockville Arts Place has not had code or zoning issues because the City has been a strong partner from the organization's founding. Enforcement of adequate ventilation has been the only issue for RAP. RAP's current zoning designation allows it to operate a variety of electric kilns for glass and ceramics, and use oxygen and propane on site for metalworking.

Lessons Learned

- A non-profit is not a not-for-profit: an arts facility must be run like a business with profit to re-invest in order to grow and prosper. RAP struggled in the beginning because artists were hired as Executive Directors and attempted to run the organization without sufficient business backgrounds. Consequently, organizational growth was stifled due to lack of financial resources.
- Keep all programs under one management structure to improve accountability and synergisms between programs. When each program (studio space, community outreach, arts education, and the arts gallery) is managed separately, divergent missions and conflict and discord can result. RAP views each program (studio rentals, arts education, and the gallery) as one leg of a three-legged stool. In this way they differentiate themselves from the Torpedo Factory where the programs are managed by different entities.
- A quality arts education program requires excellent art instructors. RAP's Executive Director notes that "not all artists make good teachers." Rap has hired artists with teaching experience, who are organized and understand how to put together a quality course. The arts education program also includes an opportunity for students to evaluate their instructors.
- Roles and responsibilities of the tenant artists should be well defined and enforced. REP has found that some artists do not live up to their responsibilities. For example, some artists spend very little time in their studio making art while others sell art without paying RAP the required 30 percent commission. Consequently, RAP will institute a new two-year lease renewal policy with its move to the new facility, wherein artists will be fully evaluated every two years, and artists who do not meet their responsibilities will be asked to leave.
- Develop and maintain an excellent relationship with the City and the State. The City has actively helped RAP obtain affordable and desirable space, as the City views RAP as an economic development and education partner.
- Include artists, business people, city representatives, museum directors, and neighborhood representatives on your Board of Directors. RAP has found that a diverse board improves decision making and organizational management, as each member lends expertise to the organization's growth and development.

Facility Layout and Description

The current facility was built in 1991 as part of a shopping mall. RAP occupies 13,000 square feet and has 11 studios ranging in size from 210 to 500 square feet. A 1,800 square foot gallery, 3,500 square feet of classrooms, and 800 square feet of offices round out the space. The new facility will essentially double the square footage for each category of use and include 2,500 square feet of event space.



Organizational structure

RAP is managed by an Executive Director with a strong Board of Directors. Two artist-tenants serve on the Board of Directors.

RAP's \$582,000 operating budget is derived from education tuition (36%), charitable contributions (38%), governmental grants (16%)¹⁵, and studio rent (5%), and gallery sales (3%). The organization has six staff members: an Executive Director, a Gallery Director, Community/Government Liaison, a Marketing Director, an Executive Assistant and an Office Assistant.

Programs

Studio Space. Rockville Arts Place is home to 17 resident artists in 11 studios, creating in metal, glass, ceramics, photography, painting, graphic design, sculpture, calligraphy and mixed media. All artist studios are open to the public and many resident artists teach workshops and classes at the center. RAP has 6 large studios of between 400 and 500 square feet and five small studios of between 210 and 300 square feet. All studios are currently rented for \$12 per square foot per year, while local warehouse space rents for \$15 and retail space rents for \$30. The new facility artist studios will rent for \$15 per square foot per year.

RAP does not currently have an artist selection process, and there is an extensive waiting list for available spaces. Studio turnover is rare and the facility has virtually no vacancy rate due to the extensive waiting list. With the completion of the new facility, RAP will likely institute a juried selection process for new artists. Additionally, in the new facility, RAP will offer a limited number of studios for an artist residency program.

RAP offers fee-based studio use to the public for its public darkroom with state-of-the-art enlargers, public film developing room, public photo finishing area and iMac digital imaging programs.

Event Space. RAP has a modest event program, which will expand in the new facility. RAP currently rents its 1,800 sq. ft. gallery a few times a month for parties and

¹⁵ Rockville Arts Place is supported, in part, by: the Maryland State Arts Council, the City of Rockville, and the Arts Humanities Council of Montgomery County.

seminars for \$300 per event. The 99 person standing capacity gallery is inappropriate for major events. However, as the Rockland Arts Place is often asked to host larger events such as weddings and seminars, the new facility will include an event space for a 150 sit down dinner as well as a black box theater for performances and lectures.

Arts Education. Rockville Arts Place offers over 85 classes and workshops for children, artists, and adults on a quarterly-basis. Courses are offered in drawing, pastels, fiber (quilting, knitting & floor clothes), glass (fused, lamp work, bead making), painting & printmaking (watercolor, oils, calligraphy, print making, art of book), photography (darkroom, B&W, infrared, etc.), teen and youth classes (drawing, painting, cartooning, photography, sculpture), and public open studios in figure drawing, painting and ceramics. Most classes are from 8 to 12 sessions and prices range from \$130 - \$310 per class. RAP offers tuition assistance to qualified students of all ages. RAP partners with Wotton High School to offer a summer and spring break visual arts camp each year. In addition, school and other groups may schedule an ART STOP day to tour the galleries, the resident artists' studios and participate in hands-on art projects.

RAP also offers support services for artists including: open critique sessions, a photographing artwork workshop, a wearable art fashion show, and the annual Community Art and Craft Show at King Farm.

Galleries. RAP's gallery features regional, national and international arts exhibitions. Rockville Arts Place also sponsor Gallery Talks by well-known curators, critics and artists and provides specials workshops, performances and seminars for artists and the community.

EMERSON UMBRELLA CENTER FOR THE ARTS

Concord, Massachusetts

www.emersonumbrella.org



The Emerson Umbrella Center for the Arts, located in historic Concord, Massachusetts provides studio space for more than 60 artists, classes and workshops in four large teaching studios, and exhibit space in the Blanchard Trust Gallery.

History – Building & Organization

The Center is located in a 1929 high school building, which was abandoned by the school district in 1982. The former High School has been leased by the Emerson Umbrella Center for the Arts from the City of Concord for \$1/year. Emerson is also responsible for all building maintenance and operations costs. The facility was renovated for with funds from a capital campaign, City and State sources.

As a high school, the building was located in a residential area. Initially the project received significant opposition from residents because of parking impacts and the proposed use. Downtown merchants were also vexed about additional retail competition. However, the Zoning Director found that the new arts center was a continuation of the education function of the high school and as such required no special permit or variance.

Lessons learned

- Many elderly artists, who have been in the facility for many years, continue to occupy their affordable studios even though their productive years may be over.

The Center has had to sensitively balance the need to fill studios with active artists with the history and experience of the longest-term tenants who may no longer produce much work. This difficult issue has not yet been resolved to the Center's own satisfaction.

- Insure that all programs are under one management entity. The initial capital campaign was short \$50,000, which was the amount required to renovate the gym into the new theater. A local theater company agreed to pay for the renovation in exchange for a free long-term lease. As a result the theater company has political and proprietary control over the theater space and has preempted the Emerson Umbrella Center for the Arts from realizing an important revenue stream and programming opportunity for the Center.
- Cultivate City Council member support. City Council support enabled the Center to overcome initial neighborhood and merchant opposition. Ongoing council member support has helped the organization deal with subsequent issues as well.
- Cultivate community-wide good will. The Center's ArtShare program, which matches artists with community-based non-profits and endeavors, has created community good-will. Through ArtShare, artists volunteer to complete murals, life-size puppets, sets, and more for community projects.

Facility Layout and Description

The former Highland School in Carlisle offers seven artist studios, while 50 individual studios are contained in the former Emerson School in Concord. The Emerson school also provides offices for two other non-profit organizations, a theater, a dance studio, ceramics studio, and classrooms for drawing, painting, woodworking, and creative writing. The 30,000 sq. ft Emerson School has 3,000 sq. ft. of classroom space and 18,000 sq. ft. of studio space.

Organization & Organization structure

The Board of Directors and the Executive Director manage the Center. The 21 member Board includes 5 to 7 tenant artists, one of which is a tenant representative. In addition the artist tenants have a separate tenants association which meets once a month.

The center's annual budget of \$575,000 is derived primarily from artist studio rentals (\$261,800), tuition (\$175,200), and charitable contribution and grants (\$127,000). A notable 78 percent of the budget is derived from earned income, which is unusual for a non-profit and speaks to the financial health of the organization. The center employs four full time staff, making it a relatively lean organization.

Programs

Studio Space. Individual artist studios range from 300 to 400 square feet, essentially the same size as the old classrooms in the high schools. Artists are responsible for maintaining their studio interiors and wall treatments. Resident artists are expected to use their studios actively – a 20 hour minimum of productive effort per month. However, this requirement is rarely enforced. Resident artists are required to participate fully in an Open Studios weekend every spring, and are expected to contribute time and talent to community service projects through the ArtShare Program.

Artists are selected by a volunteer jury of current tenants. Selected artists are placed on a waiting list and typically wait from five to six years before a space becomes

available. There is virtually no studio vacancy. Center studios rent for \$1 per square foot per month, and turn over very slowly due to the low rents.

Event Space. The Art Center occasionally rents space for high school reunions and parties. The facility is not well suited for major events such as weddings due to its configuration and utilitarian architecture.

Arts Education. The arts education program draws on the artist talents of a wide variety of artists, most of whom are not tenants. The arts program offers approximately 85 courses per semester and around 100 one-day workshops per year. Courses are offered primarily in clay, dance and movement, and mixed media (painting, drawing, and cartooning). The typical class runs for 4 to 12 sessions and costs from \$50 to \$300. Overall the Center offers around 200 courses per year and serves over 1,000 students.

ACTIVSPACE

Berkeley, CA

www.activspace.com

ActivSpace, a family-owned for-profit studio development and management firm, owns and operates eight facilities in Washington, Oregon and California. ActivSpace does not provide gallery space, arts education or event space: each facility offers artist studios and related “small business” studios.



History

The ActivSpace concept was developed by a husband and wife team, who currently own the business, out of their perception that small “kitchen table” artist and allied businesses needed small and affordable spaces to grow before becoming regular tenants in the typical large artist studio. The first ActivSpace facility, located in Downtown Seattle, was rapidly followed by three additional facilities and ActivSpace is breaking ground on its 5th Seattle-based facility. ActiveSpace also has three facilities in Portland, Oregon, a recently developed facility in Berkeley, California, and a planned facility in Boulder, Colorado. All ActivSpace projects are funded through a combination of private investors and commercial mortgages.

ActivSpace typically locates facilities in areas zoned as neighborhood/commercial or commercial/industrial. Zoning and code issues have been most difficult to navigate in Seattle, while Portland has been considerably more friendly to this kind of use. For each new facility, ActivSpace typically educates the local community and zoning officers about the use and advantages of an ActivSpace facility.

Lessons Learned

ActivSpace has learned a number of important lessons as it has developed and managed its facilities, including:

- Keep things as simple as possible with tenants. Artists tend to view themselves as unique and differential treatment of different tenants always comes back to haunt you.
- Subsidies result in less discipline on the part of the subsidized. When ActivSpace has waived the full deposit, artists have left their studios dirty and without sufficient notice.

- A good security system is critical. Many tenants have valuable equipment and materials on site and are justifiably concerned about security. Tenants are encouraged to share the responsibility for security and each site has a live-in on-site manager to improve security.
- Solid on-site management is a key ingredient to success.

Facility Layout and Description

The typical ActivSpace facility has aluminum clad exteriors, individual keyed entrances for each studio, glass windows and doors on the street level and roll-up doors on the parking side of the facility. The facilities are three or four stories and offer from 40 to 200 artist studios each.

The newest and largest facility, in Berkeley, California, has 200 artist studios and an interior courtyard with secured parking which has increased community cohesiveness and security. This \$4.5 million dollar facility was built for approximately \$125 per square foot, excluding land acquisition costs.

Studio Space. The Berkeley ActivSpace facility offers studios of 120 to 600 square feet, with most studios in the 120 to 150 square foot range. The emerging artists and craftspeople that make up ActivSpace's primary tenant population tends to be very price sensitive, so rents range from \$175 to \$800 per month and all leases are month to month. Rents per square foot range from \$1.33 to \$2.67 per month. Every studio is equipped with a sink, operable windows, a venting system, internet connection, and 110 electrical hookups. Fifteen studios offer 220 electrical hookups. All utilities are included in the rent.

ActivSpace would not share its studio vacancy rate for the Berkeley facility, but a visual tour revealed a vacancy rate of around ten percent, a healthy rate given that the facility opened in January of 2003 in a depressed commercial real estate market. Tenants are selected based on a simple credit check. ActivSpace does not rent to industrial, fiberglass or glass artists.

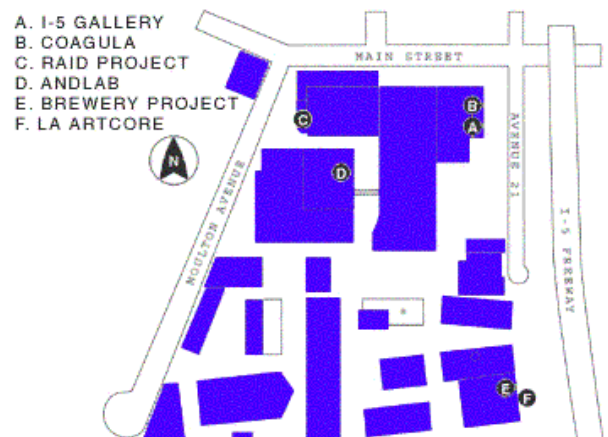
THE BREWERY

Los Angeles, California
www.breweryart.com

The Brewery is a vibrant live/work artist community of 21 buildings on 23 acres. It houses about 1,500 artists in 300 studios just across the Los Angeles River from downtown LA. With its in-house messenger service, restaurant and other businesses, its residents often refer to the colony as their "oasis."

History

Originally a Pabst Blue Ribbon brewing and bottling plant, the core of the current brewery was sold to its current owners in 1981. In 1982, with the passage of the Artists-in-Residence ordinance, which for the first time allowed artists to live and work in industrial structures, the facility was reborn as a "home for creativity." In 1992, three historic buildings were added to The Brewery with the closure of the Edison Electric Power Station #3.



Organizational Structure & Management

The Brewery is owned by the for-profit development company Carlson Industries, LLC. The Brewery Art Association (BAA) is the organizing non-profit for the Brewery. BAA focuses on arts education and awareness at the brewery, and primary activities include coordinating the Brewery ArtWalks, managing the I-5 gallery, and holding lectures and tours of artist and art works. BAA program funding is derived from grants, sponsorships and donations.

Programs

Studio Spaces. The Brewery offers 300 live/work and work-only artists studio spaces ranging from 600 to 6,000 square feet each. Artists pay from \$0.60 to \$0.80 per square foot per month for the studios. The vacancy rate is relatively low. However, two to three studios are available at any given time due to the great quantity of spaces.

Gallery. The I-5 Gallery is a cooperative gallery exhibiting contemporary art in a 1,350 square foot showroom. The gallery primarily exhibits cutting edge contemporary art. The I-5 Gallery also offers docent tours, art classes, and lectures and seminars. The Brewery ArtWalk attracts nearly 15,000 participants to the 170 artists who throw their studio doors open to the public to display their creative works and the creative process.

Appendix B: Artist Survey Instrument

The East Village Association Task Force and the City of Long Beach are currently undertaking a feasibility study for a proposed arts center in Long Beach's East Village.

This survey will provide us with valuable information about area artists and future studio space needs.

- Please answer every question to the best of your knowledge, making informed estimates wherever you cannot access exact information.
- All of your answers will be held in strict confidentiality. Only aggregate data from all respondents will appear in the feasibility study.
- If you have any questions, please don't hesitate to call consultant Marie Jones at 510-644-1386.

Thanks in advance!

1. Name: _____ Phone : _____
Address: _____ City: _____ Zip: _____
Email: _____

2. Please check your art media or category:

- | | |
|--|--|
| <input type="checkbox"/> Painting, Drawing, Pastels | <input type="checkbox"/> Photography |
| <input type="checkbox"/> Digital Art | <input type="checkbox"/> 3D or 2D Mixed Media |
| <input type="checkbox"/> Fiber (clothing, dolls, baskets, leather) | <input type="checkbox"/> Printmaking |
| <input type="checkbox"/> Glass (hot, blown, fused, cast) | <input type="checkbox"/> Glass (cold, stained glass) |
| <input type="checkbox"/> Wood | <input type="checkbox"/> Jewelry |
| <input type="checkbox"/> Metalsmithing/welding/casting | <input type="checkbox"/> Sculpture |
| <input type="checkbox"/> Clay | <input type="checkbox"/> Other: _____ |

3. What term best describes your art as a business?

- ☐ Emerging Artist
☐ Mid Career Artist
☐ Established Artist
☐ Other: _____

4. Is your current studio live/work or work space only?

- ☐ Live/work
☐ Work space only

5. Do you lease or own your studio space?

- ☐ Lease
☐ Own

6. Do you share your studio space with other artists? ☐ Yes ☐ No

If yes, how many artists? _____

7. How big is your individual current studio work space? _____square feet

8. How long have you been in your current space? _____years

9. Is your current space too large or too small? If you were looking for a new space today, how big a space would you want? _____square feet

10. What is your current rent per month? \$_____total rent/month
or \$_____rent/square
foot/month

11. When does your current lease expire? _____ (month & year)

12. Does your work require any of the following building amenities:

(Check as many as apply)

- | | |
|---|---|
| <input type="checkbox"/> Water hookup/Sink | <input type="checkbox"/> 220/240 electrical |
| <input type="checkbox"/> Gas hookup | <input type="checkbox"/> Pressurized Air |
| <input type="checkbox"/> Phone/internet connection | <input type="checkbox"/> Hazardous chemicals storage facility |
| <input type="checkbox"/> Concrete floor | <input type="checkbox"/> High ceilings (15+ft) |
| <input type="checkbox"/> Loading dock access | <input type="checkbox"/> Operable windows |
| <input type="checkbox"/> Air ventilation system, such as a hood | |
| <input type="checkbox"/> Other: _____ | <input type="checkbox"/> Other: _____ |

13. Do you regularly use hazardous or flammable chemicals in the preparation of your art or craft? (Circle One) ☐ Yes ☐ No

Please list the names of all hazardous chemicals/materials you regularly use in the production of your art.

14. The new facility may include an arts education program. Are you interested in teaching your art through the educational program? ☐ Yes ☐ No

15. The proposed facility will be located in the East Village, have a gallery, and host events and lectures. Similar facilities in other cities attract hundreds of thousands of visitors and customers a year.

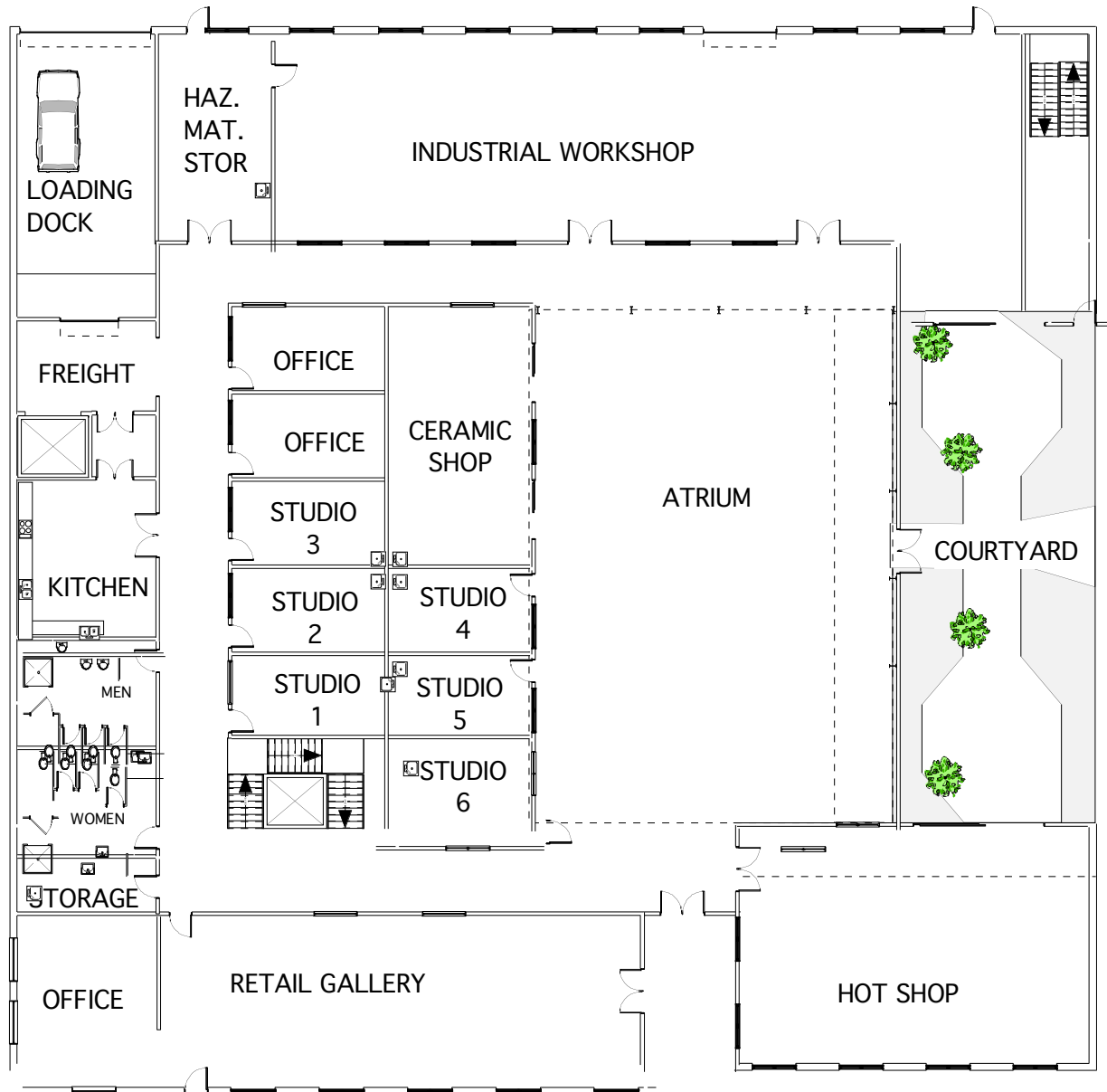
- Would you be willing to pay more rent for a studio space in such a facility?
☐ Yes ☐ No ☐ Maybe
- What rent would you pay for such a space? _____\$/square foot

16. Please provide any further comments, concerns and/or ideas you have about artist studio space in Long Beach.

Thank you very much for your assistance!

Please mail your completed questionnaire, by November 14th to:

Marie Jones
MJC
1126 Blake Street
Berkeley, CA 94702



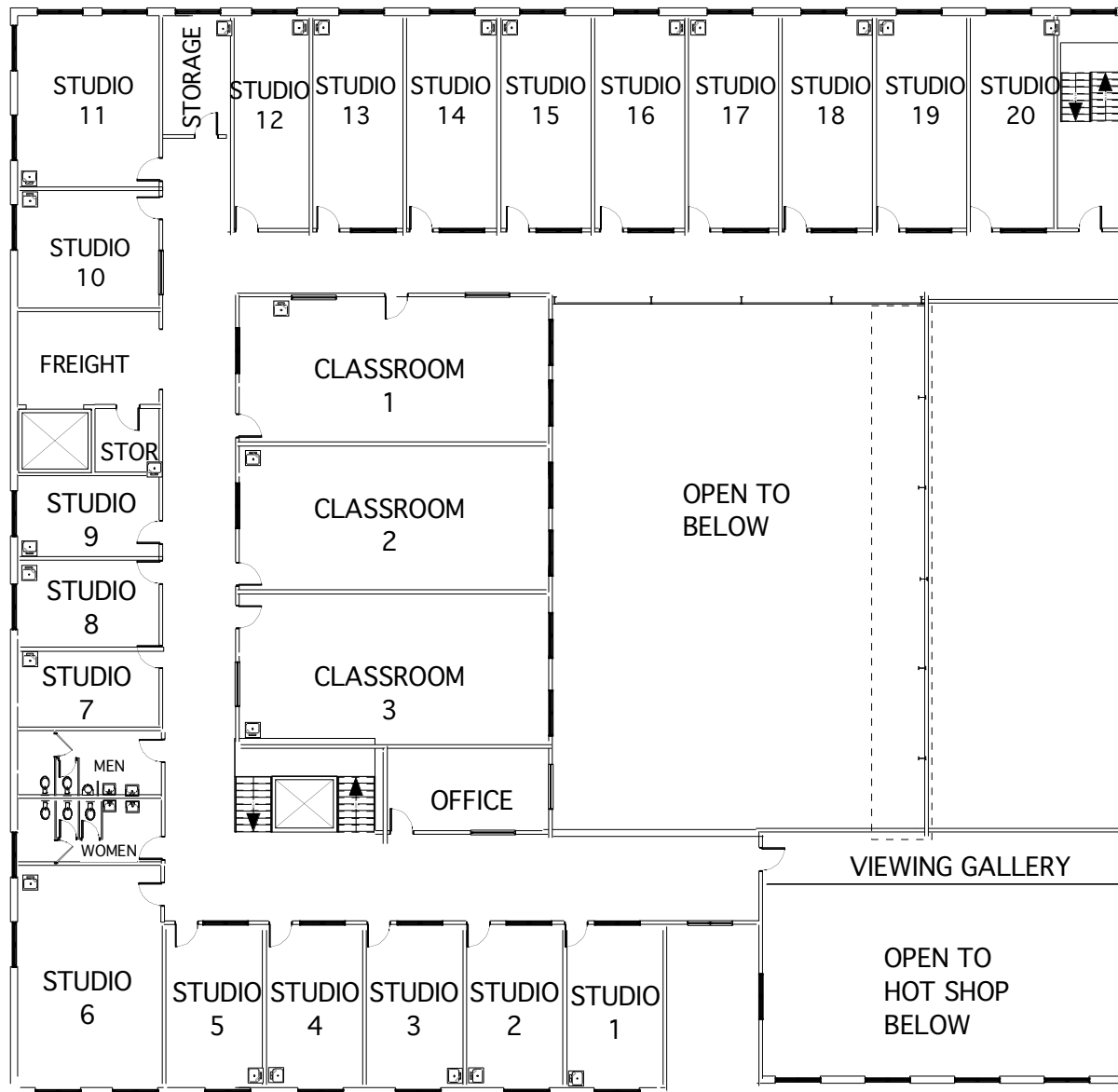
MJC Marie Jones Consulting
Berkeley, CA

Studio 111

The Art Exchange
Long Beach, CA

First Floor Layout
Scale: 3/32" = 1'-0"





MJC Marie Jones Consulting
Berkeley, CA

Second Floor Layout
Scale: 3/32" = 1'-0"



Studio 111

The Art Exchange
Long Beach, CA



MJC

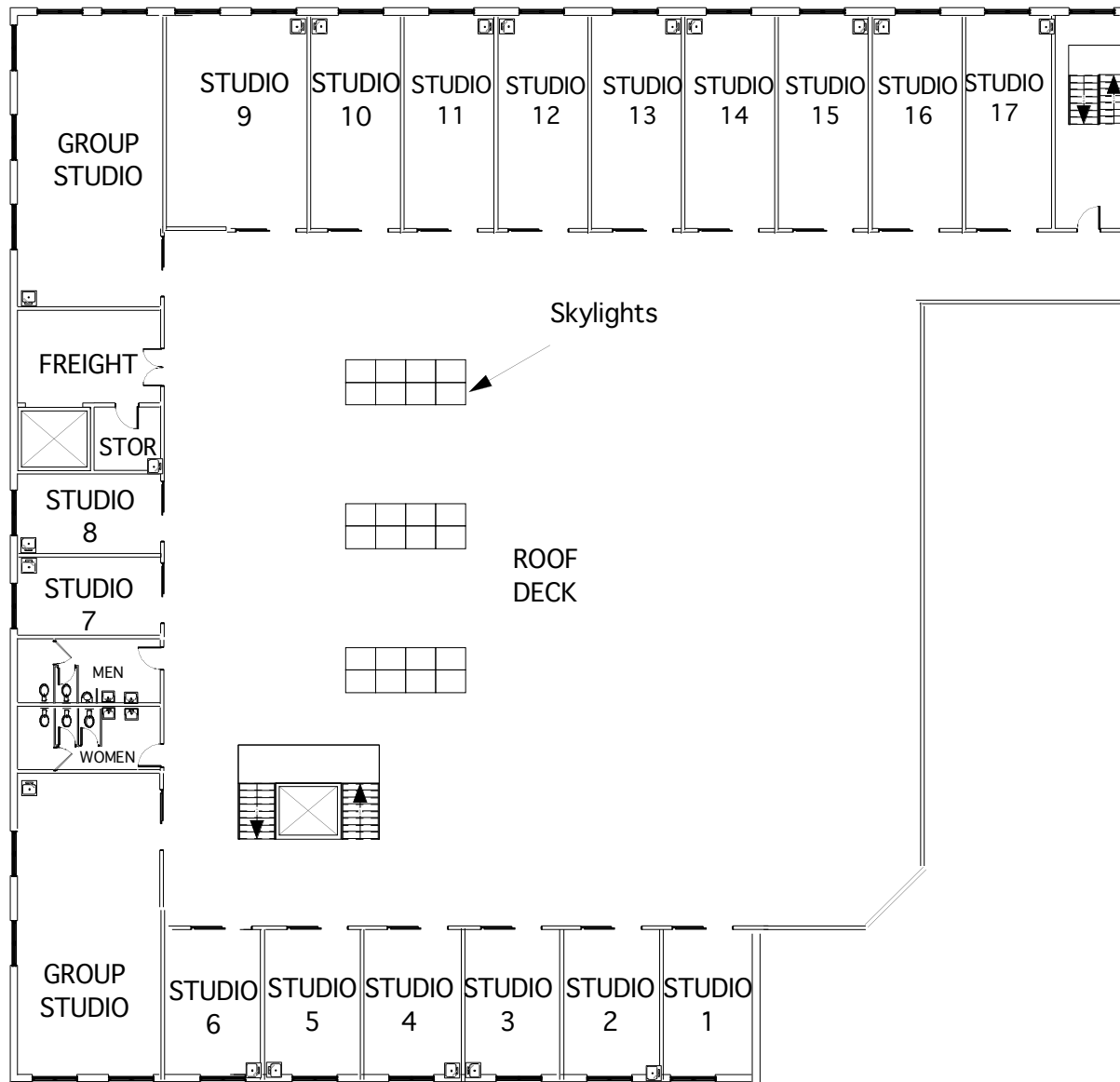
Marie Jones Consulting
Berkeley, CA

Studio 111

The Art Exchange
Long Beach, CA

Third Floor Layout
Scale: 3/32" = 1'-0"





MJC Marie Jones Consulting
Berkeley, CA

Studio 111

The Art Exchange
Long Beach, CA

Roof Layout
Scale: 3/32" = 1'-0"



**Art Exchange
Long Beach, California
Preliminary Budget Estimate**

Scheme I Summary (40,000 SF)		Cost	Cost/SF
1.0 Site Preparation		\$193,800	\$4.85
2.0 Substructure		322,050	8.05
3.0 Superstructure		806,100	20.15
4.0 Exterior Closure		1,101,250	27.53
5.0 Roofing & Waterproofing		258,350	6.46
6.0 Interior Construction		601,220	15.03
7.0 Conveying Systems		113,000	2.83
8.0 Mechanical Systems		946,570	23.66
9.0 Electrical Systems		659,850	16.50
10.0 Built In Equipment		0	0.00
11.0 Sitework Finish		125,698	3.14
Subtotal		\$5,127,888	\$128.20
General Conditions	9.0%	461,510	
Contractor's Fee	4.0%	223,576	
Subtotal		\$5,812,973	\$145.32
Estimating Contingency	10.0%	581,297	
Escalation to Const Start April 2005	5.0%	319,714	
Total Construction Cost		\$6,713,984	\$167.85

Notes: Estimate excludes construction contingency, hazardous materials abatement, artwork and soft costs.

**Art Exchange
Long Beach , California
Preliminary Budget Estimate**

	Quantity	Unit Price	Extension	Subtotal
1.0 Site Preparation				
Demolition	None			
Earthwork				
Site Clearing	40000 SF	0.50	20,000	
Excavate & Recomact for Building Pad	1000 CY	20.00	20,000	
Excavate & Recomact Pad	Assume None			
Site Utilities				
Mechanical				
Pipework & Accessories				
Waste & Vent	150 LF	30.00	4,500	
Storm Drainage	150 LF	45.00	6,750	
Domestic Water	150 LF	45.00	6,750	
Fire Water	150 LF	48.00	7,200	
Gas	150 LF	36.00	5,400	
Valves, Boxes, Drains	12 Ea	1,150	13,800	
RPBFP	1 Ea	4,800	4,800	
Det.Check w/Vault	1 Ea	5,200	5,200	
Post Ind Valve	1 Ea	1,800	1,800	
Fire Dept Connections	2 Ea	1,550	3,100	
Remove & Relocate Existing	None			
Connect to Existing	5 Ea	1,000	5,000	
Cut/Patch/Clean-Up	1 LS		7,000	
Barricades/Protect Utilities	1 LS		7,000	
Misc. Valves & Accessories	1 LS		10,000	
Test & Clean	1 LS		2,000	
Electrical				
Power & Distribution				
Transformer 12kV	1 Ea	18,000	18,000	
Conduit Duct Bank w/ Primary	150 LF	100.00	15,000	
Secondary	50 LF	70.00	3,500	
Remove & Relocate Existing	None			
Communications	150 LF	80.00	12,000	
Misc Boxes & Manholes	1 LS		10,000	
Cut & Patch Paving As Required	1 LS		5,000	
Subtotal 1.0 Site Preparation				\$193,800

2.0 Substructure

Foundations				
Drilled Piers	None			
Grade Beams	500 CY	295.00	147,500	
Slab on Grade	19100 SF	5.50	105,050	

2.0 Substructure (Continued)

Miscellaneous

Perimeter Stem Walls - Allow	1000 SF	25.00	25,000
Elevator Pit	1 Ea	7,500	7,500
Doweling & Embeds	1 LS		5,000
Pads & Curbs	1 LS		12,000
Perimeter Drainage	600 LF	25.00	15,000
Miscellaneous Detailing	1 LS		5,000

Subtotal 2.0 Substructure

\$322,050

3.0 Superstructure

Second & Third Floor Structure	8600 SF	28.00	\$240,800
Roof Structure	19100 SF	28.00	534,800

Miscellaneous

Pads & Curbs	1 LS		3,500
Grouting & Detailing	1 LS		2,500
Beams & Rails @ Elevator	1 Ea	7,000	7,000
Mechanical Dunnage	1 LS		8,500
Doweling & Embeds	1 LS		4,000
Rough Carpentry & Misc Iron	1 LS		5,000

Subtotal 3.0 Superstructure

\$806,100

4.0 Exterior Closure

Exterior Walls

CMU - Painted	14000 SF	18.00	252,000
Plaster on Steel Studs	7500 SF	27.00	202,500
Metal Screen @ Mechanical	None		
Miscellaneous Trim & Detailing	1 LS		20,000

Windows & Glazing

Curtain Wall	3825 SF	50.00	191,250
Punched Openings	5000 SF	40.00	200,000

Exterior Doors

Single	6 Ea	2,000	12,000
Double	4 Pr	3,750	15,000
Loading Overhead	3 Ea	7,500	22,500
Miscellaneous Hardware	1 LS		15,000

Soffits

None

Miscellaneous

Miscellaneous Fascia & Returns	1 LS		6,000
Canopies & Trellis	None		
Stair & Roof Railings	200 LF	175.00	35,000
Topping Slab & Membrane @ Roof	8000 SF	15.00	120,000
Miscellaneous	1 LS		10,000

Subtotal 4.0 Exterior Closure

\$1,101,250

5.0 Roofing & Waterproofing

Waterproofing	None		
Roofing & Insulation			
Single Ply & Rigid Insulation	19100 SF	6.50	124,150
Metal Roof	Included in Canopies Above		
Exterior Wall Insulation - Batts	14000 SF	1.00	14,000
Skylights	800 SF	80.00	64,000
Sheet Metal	19100 SF	2.00	38,200
Caulking & Sealants			
Roof Flashing	1 LS		12,000
Safing	Included Above		
Window & Door Surrounds	Included Above		
Miscellaneous	Included Above		
Miscellaneous			
Roof Accessories	1 LS		3,000
Miscellaneous	1 LS		3,000
Subtotal 5.0 Roofing & Waterproofing			<u>\$258,350</u>

6.0 Interior Construction

Partitions & Glazing

Metal Stud & GWB - Unpainted			
Rated	6000 SF	7.00	\$42,000
Non Rated	25000 SF	5.00	125,000
Acoustical	Included Above		
Furring	14000 SF	4.00	56,000
Add'l Layer of GWB for Flush Base	None		
Operable Partitions	None		
Column Enclosures	None		
Miscellaneous Fascia & Soffits	1 LS		5,000
Interior Glazing	800 SF	35.00	28,000

Interior Doors, Frames, Hardware - Unpainted

Double	10 Pr	2,500	25,000
Single	55 Ea	1,100	60,500
Card Access Rough In	None		
Access Doors	1 LS		3,000

Floor Coverings

Ceramic Tile	500 SF	10.00	5,000
Carpet	2000 SF	4.20	8,400
Bamboo	2000 SF	14.00	28,000
Sealed Concrete	39500 SF	1.00	39,500
Entry Mats	100 SF	35.00	3,500
Base	Included Above		

Wall Finishes

Ceramic Tile 6'	1752 SF	10.00	17,520
Other	None		

6.0 Interior Construction

Ceiling Finishes

GWB - Unpainted	10000 SF	4.50	45,000
Acoustical Treatment	2000 SF	4.50	9,000
Paint Exposed	None		

Millwork - Allow	1 LS		30,000
Railings	None		

Specialties

Toilet Rooms

Partitions	13 Ea	950.00	12,350
Screens	3 Ea	700.00	2,100
Accessories	26 Ea	350.00	9,100
Other Fixture Accessories	35 Ea	350.00	12,250

Signage	1 LS		20,000
Lockers	Included in FF&E		
Painting Not Incl w/ Assemblies	None		
Div 10.0 Miscellaneous	1 LS		15,000

Subtotal 6.0 Interior Construction

\$601,220

7.0 Conveying Systems

Stairs & Ladders (Including Rails)

Egress Stairs	2 Flt	18,000	\$36,000
Roof Ladders	1 Ea	1,000	1,000
Elevator Pit Ladder	1 Ea	1,000	1,000

Dock Leveler

None

Elevators

Public 3 Stop	1 Ea	75,000	75,000
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Subtotal 7.0 Conveying Systems

\$113,000

8.0 Mechanical Systems

Plumbing

HW Heater - Inst	4 Ea	1,500	\$6,000
Sump Pumps-Elev. w/Collection System	None		
Pump-HW Recirc	None		
Industrial Hot Water	1 LS		20,000

Toilet Rm Fixtures	24 Ea	2,400	57,600
Studio/Shop	35 Ea	2,400	84,000
Service Sinks	4 Ea	2,400	9,600
Drinking Fountains	3 Ea	4,550	13,650
Showers	2 Ea	3,000	6,000

Floor Drains	16 Ea	1,000	16,000
Area-Deck-Roof Drains	30 Ea	1,000	30,000
Connect to Equipment	20 Ea	500.00	10,000

Pipework & Accessories

Included Above

Miscellaneous Valves & Accessories	1 LS		6,000
Test/Clean/Sterilize	1 LS		6,000

8.0 Mechanical Systems, HVAC (Continued)

HVAC

Equipment

Boilers - Gas	1 Ea	20,000	20,000
Pump-HW 20gpm:1/2hp	1 Ea	3,150	3,150
Tank-Expansion	1 Ea	2,800	2,800
Air Separator	1 Ea	3,300	3,300

AHU-Rooftop Package	25000 CFM	3.00	75,000
Fan-Exhaust	8 Ea	3,000	24,000
Radiator System	35 Ea	1,500	52,500
Miscellaneous Equipment	1 LS		6,000

Ductwork & Accessories

Duct - GSM	22000 #	6.00	132,000
Insulation-External	5000 SF	2.40	12,000
Insulation-Internal	1000 SF	2.60	2,600
DamperFire/Smoke	8 Ea	850.00	6,800
Damper/Manual	200 Ea	85.00	17,000
Diffusers & Registers	184 Ea	130.00	23,920
Louvers	2 Ea	1,000	2,000
Sleeves/Firestopping	1 LS		5,000
Misc. Ductwork & Accessories	1 LS		10,000

Pipework & Accessories

Pipe-HW w/Insl	1500 LF	25.00	37,500
Pipe-CHW w/Insl	None		
Pipe-Refrig. w/Insl.	None		
Pipe-Drains Etc.	100 LF	16.50	1,650
Sleeves/Firestopping	1 LS		5,000
Misc. Valves & Accessories	1 LS		10,000

Controls & Testing

DDC System/EMCS	1 LS		75,000
Test & Balance	1 LS		15,000

Fire Sprinkler System

Wet System	40000 SF	3.35	134,000
Miscellaneous Accessories	1 LS		5,500

Subtotal 8.0 Mechanical Systems

\$946,570

9.0 Electrical Systems

Switchgear

Switchboard	1 LS		\$35,000
Transformers	None		
Distribution Panels	2 Ea	5,000	10,000
Tenant Panelboards	35 Ea	1,200	42,000
Tenant Metering	35 Ea	800.00	28,000
Elevator Connection	1 Ea	1,850	1,850
Building Grounding	1 LS		6,000

Emergency Power

Feeder Conduit & Wire	300 LF	45.00	13,500
Equipment Power	40000 SF	0.80	32,000

9.0 Electrical Systems

User Convenience Power

Wall Outlets	300 Ea	90.00	27,000
Floor Boxes	None		
Conduit & Wire	8500 LF	6.00	51,000
Miscellaneous	1 LS		5,000

Lighting	40000 SF	8.00	320,000
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Signal & Communications

Fire Alarm	40000 SF	1.25	50,000
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Telecommunications

Main Telecom Room	1 LS		5,000
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Intermediate Telecom Rms	1 Ea	5,000	5,000
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Telephone/Data Outlets- Wall Mtd	100 Ea	150.00	15,000
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Cabling	Included in Separate Budget		
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Audio Visual Conduit Rough-In	None		
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Security - Rough In	None		
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CCTV	None		
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Public Address System	None		
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Cable TV Outlets	50 Ea	270.00	13,500
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Subtotal 9.0 Electrical Systems

\$659,850

10.0 Built In Equipment

None

11.0 Sitework Finish

Paving

AC Paving

Patching	4435 SF	8.50	\$37,698
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Landscape & Irrigation - Allow

	10000 SF	3.00	30,000
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Site Structures

Stem Walls

	900 SF	15.00	13,500
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Curbs

	300 LF	15.00	4,500
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Other Work

Benches, Trash Receptacles

	1 LS		15,000
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Transformer Enclosure

None

Site Lighting

	1 LS		25,000
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Subtotal 11.0 Sitework Finish

\$125,698

**Art Exchange
Long Beach, California
Preliminary Budget Estimate**

Scheme II Summary (52,000 SF)		Cost	Cost/SF
1.0 Site Preparation		\$193,800	\$3.73
2.0 Substructure		322,050	6.19
3.0 Superstructure		1,144,900	22.02
4.0 Exterior Closure		1,157,500	22.26
5.0 Roofing & Waterproofing		232,350	4.47
6.0 Interior Construction		754,670	14.51
7.0 Conveying Systems		273,000	5.25
8.0 Mechanical Systems		1,078,770	20.75
9.0 Electrical Systems		851,900	16.38
10.0 Built In Equipment		0	0.00
11.0 Sitework Finish		125,698	2.42
Subtotal		\$6,134,638	\$117.97
General Conditions	9.0%	552,117	
Contractor's Fee	4.0%	267,470	
Subtotal		\$6,954,225	\$133.74
Estimating Contingency	10.0%	695,423	
Escalation to Const Start April 2005	5.0%	382,482	
Total Construction Cost		\$8,032,130	\$154.46

Notes: Estimate excludes construction contingency, hazardous materials abatement, artwork and soft costs.

**Art Exchange
Long Beach , California
Preliminary Budget Estimate**

	Quantity	Unit Price	Extension	Subtotal
1.0 Site Preparation				
Demolition	None			
Earthwork				
Site Clearing	40000 SF	0.50	20,000	
Excavate & Recompact for Building Pad	1000 CY	20.00	20,000	
Excavate & Recompact Pad	Assume None			
Site Utilities				
Mechanical				
Pipework & Accessories				
Waste & Vent	150 LF	30.00	4,500	
Storm Drainage	150 LF	45.00	6,750	
Domestic Water	150 LF	45.00	6,750	
Fire Water	150 LF	48.00	7,200	
Gas	150 LF	36.00	5,400	
Valves, Boxes, Drains	12 Ea	1,150	13,800	
RPBFP	1 Ea	4,800	4,800	
Det.Check w/Vault	1 Ea	5,200	5,200	
Post Ind Valve	1 Ea	1,800	1,800	
Fire Dept Connections	2 Ea	1,550	3,100	
Remove & Relocate Existing	None			
Connect to Existing	5 Ea	1,000	5,000	
Cut/Patch/Clean-Up	1 LS		7,000	
Barricades/Protect Utilities	1 LS		7,000	
Misc. Valves & Accessories	1 LS		10,000	
Test & Clean	1 LS		2,000	
Electrical				
Power & Distribution				
Transformer 12kV	1 Ea	18,000	18,000	
Conduit Duct Bank w/ Primary	150 LF	100.00	15,000	
Secondary	50 LF	70.00	3,500	
Remove & Relocate Existing	None			
Communications	150 LF	80.00	12,000	
Misc Boxes & Manholes	1 LS		10,000	
Cut & Patch Paving As Required	1 LS		5,000	
Subtotal 1.0 Site Preparation				\$193,800

2.0 Substructure

Foundations				
Drilled Piers	None			
Grade Beams	500 CY	295.00	147,500	
Slab on Grade	19100 SF	5.50	105,050	

2.0 Substructure (Continued)

Miscellaneous

Perimeter Stem Walls - Allow	1000 SF	25.00	25,000
Elevator Pit	1 Ea	7,500	7,500
Doweling & Embeds	1 LS		5,000
Pads & Curbs	1 LS		12,000
Perimeter Drainage	600 LF	25.00	15,000
Miscellaneous Detailing	1 LS		5,000

Subtotal 2.0 Substructure

\$322,050

3.0 Superstructure

Second & Third Floor Structure	20700 SF	28.00	\$579,600
Roof Structure	19100 SF	28.00	534,800

Miscellaneous

Pads & Curbs	1 LS		3,500
Grouting & Detailing	1 LS		2,500
Beams & Rails @ Elevator	1 Ea	7,000	7,000
Mechanical Dunnage	1 LS		8,500
Doweling & Embeds	1 LS		4,000
Rough Carpentry & Misc Iron	1 LS		5,000

Subtotal 3.0 Superstructure

\$1,144,900

4.0 Exterior Closure

Exterior Walls

CMU - Painted	25000 SF	18.00	\$450,000
Plaster on Steel Studs	None		
Metal Screen @ Mechanical	None		
Miscellaneous Trim & Detailing	1 LS		20,000

Windows & Glazing

Curtain Wall	3825 SF	50.00	191,250
Punched Openings	5500 SF	40.00	220,000

Exterior Doors

Single	8 Ea	2,000	16,000
Double	5 Pr	3,750	18,750
Sliding Patio	19 Ea	2,000	38,000
Sliding Patio	2 Ea	5,000	10,000
Loading Overhead	1 Ea	7,500	7,500
Miscellaneous Hardware	1 LS		15,000

Soffits

None

Miscellaneous

Miscellaneous Fascia & Returns	1 LS		6,000
Canopies & Trellis	None		
Stair & Roof Railings	200 LF	175.00	35,000
Topping Slab & Membrane @ Roof	8000 SF	15.00	120,000
Miscellaneous	1 LS		10,000

Subtotal 4.0 Exterior Closure

\$1,157,500

5.0 Roofing & Waterproofing

Waterproofing	None		
Roofing & Insulation			
Single Ply & Rigid Insulation	19100 SF	6.50	124,150
Metal Roof	Included in Canopies Above		
Exterior Wall Insulation - Batts	16000 SF	1.00	16,000
Skylights	400 SF	80.00	32,000
Sheet Metal	19100 SF	2.00	38,200
Caulking & Sealants			
Roof Flashing	1 LS		12,000
Safing	Included Above		
Window & Door Surrounds	Included Above		
Miscellaneous	Included Above		
Miscellaneous			
Roof Accessories	1 LS		5,000
Miscellaneous	1 LS		5,000
Subtotal 5.0 Roofing & Waterproofing			<hr/> \$232,350

6.0 Interior Construction

Partitions & Glazing

Metal Stud & GWB - Unpainted			
Rated	6000 SF	7.00	\$42,000
Non Rated	30000 SF	5.00	150,000
Acoustical	Included Above		
Furring	25000 SF	4.00	100,000
Add'l Layer of GWB for Flush Base	None		
Operable Partitions	None		
Column Enclosures	None		
Miscellaneous Fascia & Soffits	1 LS		7,000
Interior Glazing	1000 SF	35.00	35,000
Interior Doors, Frames, Hardware - Unpaint			
Double	11 Pr	2,500	27,500
Single	62 Ea	1,100	68,200
Card Access Rough In	None		
Access Doors	1 LS		3,000
Floor Coverings			
Ceramic Tile	500 SF	10.00	5,000
Carpet	2000 SF	4.20	8,400
Bamboo	3000 SF	14.00	42,000
Sealed Concrete	51500 SF	1.00	51,500
Entry Mats	100 SF	35.00	3,500
Base	Included Above		
Wall Finishes			
Ceramic Tile 6'	1752 SF	10.00	17,520
Other	None		

6.0 Interior Construction (Continued)

Ceiling Finishes

GWB - Unpainted	10000 SF	4.50	45,000
Acoustical Treatment	2000 SF	4.50	9,000
Paint Exposed	None		

Millwork - Allow	1 LS		30,000
Railings	250 LF	150.00	37,500

Specialties

Toilet Rooms

Partitions	13 Ea	950.00	12,350
Screens	3 Ea	700.00	2,100
Accessories	26 Ea	350.00	9,100
Other Fixture Accessories	40 Ea	350.00	14,000

Signage	1 LS		20,000
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Lockers Included in FF&E

Painting Not Incl w/ Assemblies None

Div 10.0 Miscellaneous	1 LS		15,000
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Subtotal 6.0 Interior Construction

\$754,670

7.0 Conveying Systems

Stairs & Ladders (Including Rails)

Egress Stairs	2 Flt	18,000	\$36,000
Roof Ladders	1 Ea	1,000	1,000
Elevator Pit Ladder	1 Ea	1,000	1,000

Dock Leveler

None

Elevators

Public 4 Stop	1 Ea	75,000	75,000
Freight 4 Stop	1 Ea	160,000	160,000

Subtotal 7.0 Conveying Systems

\$273,000

8.0 Mechanical Systems

Plumbing

HW Heater - Inst	4 Ea	1,500	\$6,000
Sump Pumps-Elev. w/Collection System	None		
Pump-HW Recirc	None		
Industrial Hot Water	1 LS		20,000

Toilet Rm Fixtures	24 Ea	2,400	57,600
Studio/Shop	70 Ea	2,400	168,000
Service Sinks	4 Ea	2,400	9,600
Drinking Fountains	3 Ea	4,550	13,650
Showers	2 Ea	3,000	6,000

Floor Drains	16 Ea	1,000	16,000
Area-Deck-Roof Drains	30 Ea	1,000	30,000
Connect to Equipment	20 Ea	500.00	10,000

Pipework & Accessories

Included Above

Miscellaneous Valves & Accessories	1 LS		6,000
Test/Clean/Sterilize	1 LS		6,000

8.0 Mechanical Systems, HVAC (Continued)

HVAC

Equipment

Boilers - Gas	1 Ea	20,000	20,000
Pump-HW 20gpm:1/2hp	1 Ea	3,150	3,150
Tank-Expansion	1 Ea	2,800	2,800
Air Separator	1 Ea	3,300	3,300

AHU-Rooftop Package	30000 CFM	3.00	90,000
Fan-Exhaust	8 Ea	3,000	24,000
Radiator System	40 Ea	500.00	20,000
Miscellaneous Equipment	1 LS		6,000

Ductwork & Accessories

Duct - GSM	25000 #	6.00	150,000
Insulation-External	5000 SF	2.40	12,000
Insulation-Internal	1000 SF	2.60	2,600
DamperFire/Smoke	8 Ea	850.00	6,800
Damper/Manual	200 Ea	85.00	17,000
Diffusers & Registers	184 Ea	130.00	23,920
Louvers	2 Ea	1,000	2,000
Sleeves/Firestopping	1 LS		5,000
Misc. Ductwork & Accessories	1 LS		10,000

Pipework & Accessories

Pipe-HW w/Insl	1800 LF	25.00	45,000
Pipe-CHW w/Insl	None		
Pipe-Refrig. w/Insl.	None		
Pipe-Drains Etc.	100 LF	16.50	1,650
Sleeves/Firestopping	1 LS		5,000
Misc. Valves & Accessories	1 LS		10,000

Controls & Testing

DDC System/EMCS	1 LS		75,000
Test & Balance	1 LS		15,000

Fire Sprinkler System

Wet System	52000 SF	3.35	174,200
Miscellaneous Accessories	1 LS		5,500

Subtotal 8.0 Mechanical Systems

 \$1,078,770

9.0 Electrical Systems

Switchgear

Switchboard	1 LS		\$40,000
Transformers	None		
Distribution Panels	2 Ea	6,500	13,000
MCC @ Shops	2 Ea	15,000	30,000
Tenant Panelboards	40 Ea	1,200	48,000
Tenant Metering	40 Ea	800.00	32,000
Elevator Connection	1 Ea	1,850	1,850
Building Grounding	1 LS		6,000

Emergency Power

Feeder Conduit & Wire	300 LF	55.00	16,500
Equipment Power	52000 SF	0.80	41,600

9.0 Electrical Systems (Continued)

User Convenience Power

Wall Outlets	330 Ea	90.00	29,700
Floor Boxes	None		
Conduit & Wire	9000 LF	6.00	54,000
Miscellaneous	1 LS		5,000

Lighting	52000 SF	8.00	416,000
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Signal & Communications

Fire Alarm	52000 SF	1.25	65,000
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Telecommunications

Main Telecom Room	1 LS		5,000
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Intermediate Telecom Rms	1 Ea	5,000	5,000
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Telephone/Data Outlets- Wall Mtd	115 Ea	150.00	17,250
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Cabling	Included in Separate Budget		
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Audio Visual Conduit Rough-In

None

Security - Rough In

52000 SF	0.50	26,000
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CCTV

None

Public Address System

None

Cable TV Outlets

None

Subtotal 9.0 Electrical Systems

 \$851,900

10.0 Built In Equipment

None

11.0 Sitework Finish

Paving

AC Paving

Patching

4435 SF	8.50	\$37,698
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Landscape & Irrigation - Allow

10000 SF	3.00	30,000
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Site Structures

Stem Walls

900 SF	15.00	13,500
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Curbs

300 LF	15.00	4,500
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Other Work

Benches, Trash Receptacles

1 LS		15,000
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Transformer Enclosure

None

Site Lighting

1 LS		25,000
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Subtotal 11.0 Sitework Finish

 \$125,698

Appendix D: Furniture, Fixtures & Equipment

	Cost/Unit	Quantity	Total Cost	Dealer/Manufacturer
Kitchen				
Full-Size Commercial Oven	\$ 3,849	1	\$ 3,849	Valcon
Industrial Sink	\$ 425	1	\$ 425	
Refrigerator	\$ 1,130	1	\$ 1,130	True
Subtotal			\$ 5,404	
Event Equipment				
60" Round tables	\$ 129	25	\$ 3,225	Maywood Furniture Corp
White wood chairs, padded seats	\$ 23	200	\$ 4,500	Furniture Imports Inc.
120" Round table linens	\$ 57	50	\$ 2,870	Tablecloths Online
Portable Teak dance floor (24'x25')	NA	1	\$ 9,348	Sico
Sound system	\$ 3,500	1	\$ 3,500	Sony
Subtotal			\$ 23,443	
Hot Shop				
Large Annealing Kiln	\$ 2,285	1	\$ 2,285	Skutt GM 12227-3
Large Casting Kiln	\$ 1,495	1	\$ 1,495	Skutt GM 1018
Glass Bead Annealing Kiln	\$ 800	1	\$ 800	Skutt GM10F
Glass Furnace	\$ 8,500	1	\$ 8,500	Hub Consolidated Inc. MU50 Furnace
Glory Holes			\$ 6,000	Denver Glass Machinery, GH-10, GH-18
Miscellaneous Equipment (punty rods, shears, jacks, cutoffs, blades, graphite and wood paddles etc.)			\$ 6,000	Hot Glass Color & Supply
Blowing & Glass Working Stations			\$ 1,800	
Cold Working Equipment (Grinders, Bandsaw, polishers)			\$ 1,500	Denver Glass Machinery
Total			\$ 28,380	
Ceramics Studio				
Large Firing Kiln	\$ 3,500	1	\$ 3,500	Bailey Studio ST-8-DS Gas Kiln
Kiln accessories	\$ 500		\$ 500	Bailey
Throwing Wheels	\$ 890	2	\$ 1,780	Bailey ST-X
Clay Mixer	\$ 1,200	1	\$ 1,200	Bluebird Model 12 Mixer
Accessories (banding wheels, spray guns, ware racks, etc.)			\$ 1,250	Various
Small tools (glazing, kempler tool kits, sculpting tools, throwing bats, etc.)			\$ 1,000	Various
Total			\$ 9,230	
Industrial Workshop				
Forge	\$ 415	4	\$ 1,660	Wisper Moma Forge 2 burner
Anvils	\$ 570	6	\$ 3,420	175 lb and 335 lb Euroanvils
Power Hammers & Compressors	\$ 75	4	\$ 300	The Bull 125 pneumatic forging hammer
3 phase 7.5 HP Compressor	\$ 800	1	\$ 800	
Leg Vise	\$ 300	6	\$ 1,800	Kayne & Son Leg Vise
Grinder	\$ 450	1	\$ 450	Burr-king Belt Grinder
Assorted Suppliers (tongs, hammers, swage blocks, aprons, etc.)			\$ 840	
Total			\$ 9,270	
Classroom Equipment				
Tables -- Metal Stacking	\$ 150	18	\$ 2,700	
Chairs -- Metal Stacking	\$ 25	45	\$ 1,125	
Stools	\$ 35	45	\$ 1,575	
Storage Lockers	\$ 120	30	\$ 3,600	
Easels	\$ 150	20	\$ 3,000	
Total			\$ 12,000	
Safety Equipment				
			\$ 3,600	Various
Office Equipment				
Desks	\$ 300	9	\$ 2,700	Ikea
Filing Cabinets	\$ 250	10	\$ 2,500	Ikea
Chairs	\$ 150	10	\$ 1,500	Ikea
Computers	\$ 900	9	\$ 8,100	Dell
Printer	\$ 500	2	\$ 1,000	Dell
Shelving	\$ 150	9	\$ 1,350	Ikea
Phone System			\$ 5,000	Dell
Total			\$ 22,150	
Gallery				
Point of Sale System	\$ 3,000	1	\$ 3,000	
Phone	\$ 500	1	\$ 500	Dell
Display Shelving	\$ 350	10	\$ 3,500	
Total			\$ 7,000	
Total FF&E			\$ 111,207	

Source: MJC, 2003

Appendix G: Art Exchange Project: Assumptions, Sources & Uses**40,000 SF Facility**

Date: 1/7/2004

Assumptions

Site Acquisition Cost (a)	\$ 35	SF			
Art Exchange Site	22,500	SF	Parking Spaces	126	Spaces
Parking Garage Site	22,050	SF	Studio & Classroom Rental Rate	\$ 1.25	/SF/Month
Total Site Area	44,550	SF	Hot Shop Rental Rate	\$ 1.25	/SF/Month
Office Space	756	SF	Industrial Workshop Rental Rate	\$ 1.25	/SF/Month
Gallery & Gift Shop	1,764	SF	Subsidized Studio Rate	\$ 1.00	/SF/Month
Art Studios (group & individual)	13,774	SF	Retail Rental Rate	\$ 1.50	/SF/Month
Industrial Workshop	3,250	SF	Event Rental Rate	\$2,500	/event
Hot Shop	1,700	SF	Parking Rate	\$6	/Space/Day
Classroom Space & Ceramics Studio	3,470	SF	Operating Expenses	\$0.76	/SF/Month
Event Space & Event Storage	3,290	SF	Holding Period	2	Months
Restrooms & Kitchen	2,138	SF	Construction Period	16	Months
Circulation, Storage, Loading Dock	9,558	SF			
Courtyard	2,556	SF			
Total Art Exchange Square Feet	40,000	SF			

			TOTALS	Cost of Parking	Exchange
TOTAL SITE ACQUISITION					
Art Exchange Site			\$787,500		\$787,500
Parking Site			\$771,750	\$771,750	
Site Demolition			\$30,000	\$ 10,000	\$20,000
TOTAL SITE COSTS			\$1,589,250	\$781,750	\$807,500
CONSTRUCTION COSTS					
Site work (inc. Landscaping, Curbs, Sidewalks, Paving, etc.)			\$163,800		\$163,800
Art Exchange Construction Costs (b)	\$	123.35 /SF	\$4,934,000	\$1,393,560	\$4,934,000
Construction - Substructure	\$	8.05 /SF	\$322,000		\$322,000
Construction - Superstructure	\$	20.15 /SF	\$806,000		\$806,000
Construction - Exterior Closure	\$	27.53 /SF	\$1,101,200		\$1,101,200
Construction - Roofing & Waterproofing	\$	6.46 /SF	\$258,400		\$258,400
Construction - Interior Construction	\$	15.03 /SF	\$601,200		\$601,200
Construction - Conveying Systems	\$	2.83 /SF	\$113,200		\$113,200
Construction - Mechanical Systems	\$	23.66 /SF	\$946,400		\$946,400
Construction - Electrical Systems	\$	16.50 /SF	\$660,000		\$660,000
Construction - Sitework Finish	\$	3.14 /SF	\$125,600		\$125,600
Construction - Parking	\$	11,060 /Parking Space	\$1,393,560	\$ 1,393,560	0
Subtotal Construction and Site Work			\$6,491,360	\$ 1,393,560	\$ 5,097,800
Furniture, Fixtures and Equipment (FF&E)			\$111,207		\$ 111,207
General Conditions	9% Construction costs		\$584,222	\$ 125,420	\$ 458,802
Contractor's Fee	4% Construction costs		\$259,654	\$ 55,742	\$ 203,912
Environmental Mitigation			\$15,800		\$ 15,800
Construction Escalation to Start April 2005	5% Construction costs		\$324,568	\$ 69,678	\$ 254,890
Construction Contingency 10%	10% Construction costs		\$649,136	\$ 139,356	\$ 509,780
TOTAL CONSTRUCTION COSTS			\$8,435,947	\$ 1,783,757	\$ 6,652,191

GENERAL DEVELOPMENT COSTS

Architect/Engineers			\$654,222		
Feasibility/Program		\$35,000			\$35,000
Architect, Structural, Mechanical & Electrical Engineers	8% Construction	\$519,309		\$ 139,356	\$ 509,780
Geo Tech/Soils		\$35,000			\$35,000
Testing & Special Inspections	1% Construction	\$64,914		\$ 13,936	\$50,978
Cost Estimator			\$5,000		\$5,000
Green Building Fees: LEED registration & certification			\$2,250		\$2,250
Environmental Assessment			\$8,500		\$8,500
Bond: Construction Interest & Fees		8,764,879	\$348,321	\$ 93,401	\$254,920
Construction Interest	4.00%	282,584	See Table 2		
Origination Fees	0.25% of Const. Loan	21,912			
Title & Recording	0.5% of Const. Loan	43,824			
Legal & Leasing			\$15,000		\$15,000
Reserves			\$199,454		\$199,454

Preliminary Art Exchange Proforma

		TOTALS	Cost of Parking	Exchange
Rent-up Reserve (Tenant Area)	3 mo. tenant rent	\$ 165,672		
Capitalized Operating Reserve	2 mo. operating costs	\$ 33,781		
Permits and Fees		\$108,654		\$108,654
Combined Building Permit & Plan Check Fees (Long Beach)		\$ 74,479		
Conditional Use Permit (industrial uses)		\$ 2,000		
School Fees-Commercial@0.33/SF		\$ 7,425		
Transportation Fee - Industrial @ \$1.10/SF		\$ 24,750		
Construction Project Manager	2.5% of Hard & Soft Costs	\$294,656	\$ 69,203	\$225,454
Other - Carrying Costs		\$120,000	\$ 40,000	\$80,000
Fire, Liability & Course of Construction Insurance		\$ 120,000		
Property Tax	NA			
Accounting/Management Set-up		\$5,000		\$5,000
TOTAL GENERAL DEV COSTS		\$1,761,057	\$202,603	\$904,231
PROJECT SUBTOTAL		\$11,786,254	\$2,768,110	\$8,363,921
General Project Contingency	10% Total costs	\$1,178,625	\$276,811	\$836,392
TOTAL PROJECT COSTS		\$12,964,879	\$3,044,921	\$9,200,313
Construction Loan		\$8,764,879		
SOURCES OF PERMANENT FUNDS				
Art Exchange Equity		\$4,200,000		
Capital Campaign	\$ 4,200,000			
Non-Profit Bond Financing	4.00% 30 year amortization	\$8,764,879		
TOTAL SOURCES OF PERMANENT FUNDS		\$12,964,879		
Cost to Construction Loan Ratio		67.6%		
Amortization Table Permanent Mortgage				
Interest	4.00%	5.75%	5.25%	
Term	30	30	30	
Amortization R	0.0047742	0.0077530	0.005522	
Monthly Paym	\$41,845	\$41,582	\$48,400	
Mortgage	\$8,764,879	\$5,363,342	\$8,764,879	
		\$498,984		

Source: Marie Jones Consulting, 2004

Notes: a) land acquisition quote from Phil Appleby Real Estate

b) Construction cost estimates developed by Openheim|Lewis

Appendix H: Art Exchange Project: Assumptions, Sources & Uses

52,000 SF Facility

Assumptions	Total Sq FT		
Site Acquisition Cost	\$ 35 SF		
Art Exchange Site	22,500 SF	Parking Garage (3 Floors)	205 Spaces
Parking Garage Site	23,917 SF	Studio Rental Rate	\$ 1.25 /SF/Month
Total Site Area	46,417 SF	Hot Shop Rental Rate	\$ 1.25 /SF/Month
Office Space	1,260 SF	Industrial Workshop Rate	\$ 1.25 /SF/Month
Gallery & Gift Shop	1,764 SF	Subsidized Studio Rate	\$ 1.00 /SF/Month
Art Studios (group & individual)	20,736 SF	Retail Rental Rate	\$ 1.50 /SF/Month
Industrial Workshop	3,250 SF	Event Rental Rate	\$2,500 /event
Hot Shop	1,700 SF	Parking Rate	\$6 /Space/Day
Classroom Space	5,740 SF	Operating Expenses	\$0.81 /SF/Month
Event Space & Event Storage	3,290 SF	Holding Period	2 Months
Rest rooms & Kitchen	2,638 SF	Construction Period	16 Months
Circulation, Storage, Loading Dock	10,942 SF		
Courtyard	2,556 SF		
Net Building Area (4 floors)	52,000		

		TOTALS	Cost of Parking	Cost of Art Exchange
TOTAL SITE ACQUISITION				
Site Acquisition for Art Exchange		\$787,500		\$ 787,500
Site Acquisition for Parking Garage		\$837,083	\$ 837,083	
Site Demolition		\$30,000	\$ 10,000	\$ 20,000
TOTAL SITE COSTS		\$1,654,583	\$ 837,083	\$ 817,500
CONSTRUCTION COSTS				
Site work (inc. Landscaping, Curbs, Sidewalks, Paving, etc.)		\$163,800		\$ 163,800
Art Exchange Construction Costs	\$ 114.25 /SF	\$5,941,000	\$ 2,267,300	\$ 3,673,700
Construction - Substructure	\$ 6.19 /SF	\$321,880		\$ 321,880
Construction - Superstructure	\$ 22.02 /SF	\$1,145,040		\$ 1,145,040
Construction - Exterior Closure	\$ 22.26 /SF	\$1,157,520		\$ 1,157,520
Construction - Roofing & Waterproofing	\$ 4.47 /SF	\$232,440		\$ 232,440
Construction - Interior Construction	\$ 14.51 /SF	\$754,520		\$ 754,520
Construction - Conveying Systems	\$ 5.25 /SF	\$273,000		\$ 273,000
Construction - Mechanical Systems	\$ 20.75 /SF	\$1,079,000		\$ 1,079,000
Construction - Electrical Systems	\$ 16.38 /SF	\$851,760		\$ 851,760
Construction - Sitework Finish	\$ 2.42 /SF	\$125,840		\$ 125,840
Construction - Parking	\$ 11,060 /space	\$2,267,300	\$ 2,267,300	\$ -
Subtotal Construction and Site Work		\$8,372,100	\$ 2,267,300	\$ 6,104,800
Furniture, Fixtures and Equipment (FF&E)		\$111,207		\$ 111,207
General Conditions	9%	\$753,489	\$ 204,057	\$ 549,432
Contractor's Fee	4%	\$334,884	\$ 90,692	\$ 244,192
Environmental Mitigation		\$15,800		\$ 15,800
Construction Escalation	5%	\$418,605	\$ 113,365	\$ 305,240
Construction Contingency 10%	10%	\$720,897	\$ 226,730	\$ 494,167
TOTAL CONSTRUCTION COSTS		\$10,726,982	\$ 2,902,144	\$ 7,824,838
GENERAL DEVELOPMENT COSTS				
Architect/Engineers		\$823,489		\$ 823,489
Feasibility/Program		\$35,000		\$ 35,000
Architect, Structural, Mechanical & Electrical Engineers	8% Construction	\$669,768	\$ 226,730	\$ 443,038
Geo Tech/Soils		\$35,000		\$ 35,000
Testing & Special Inspections	1% Construction	\$83,721	\$ 22,673	\$ 61,048
Cost Estimator		\$5,000		\$ 5,000
Green Building Fees: LEED registration & certification		\$2,250		\$ 2,250
Environmental Assessment		\$8,500		\$ 8,500

			TOTALS	Parking	Art Exchange
Bond: Construction Interest & Fees	11,905,321		\$473,123	\$ 128,002	\$ 345,122
Construction Interest	4.00%	383,833	See Table 2		
Origination Fees	0.25% of Const. Loan	29,763			
Title & Recording	0.5% of Const. Loan	59,527			
Legal & Leasing			\$15,000		\$ 15,000
Reserves			\$286,128		\$ 286,128
Rent-up Reserve (Tenant Area)	3 mo. tenant rent	\$ 234,930			
Capitalized Operating Reserve	2 mo. operating costs	\$ 51,198			
Permits and Fees			\$155,115		\$ 155,115
Combined Building Permit & Plan Check Fees (Long Beach)		\$ 78,755			
Conditional Use Permit (industrial uses)		\$ 2,000			
School Fees-Commercial@0.33/SF		\$ 17,160			
Transportation Fee - Industrial @ \$1.10/SF		\$ 57,200			
Construction Project Manager	2.5% of Total Costs		\$366,030	\$ 104,973	\$ 261,057
Other - Carrying Costs			\$120,000	\$ 40,000	\$ 80,000
Fire, Liability & Course of Construction Insurance		\$ 120,000			
Property Tax		NA			
Accounting/Management Set-up			\$5,000		\$ 5,000
TOTAL GENERAL DEV COSTS			\$2,259,636	\$ 459,705	\$ 1,799,931

PROJECT SUBTOTAL			\$14,641,201	\$ 4,198,932	\$ 10,442,269
Project Contingency	10% Total Costs		\$1,464,120	\$ 419,893	\$ 1,044,227
TOTAL PROJECT COSTS			\$16,105,321	\$ 4,618,826	\$ 11,486,495

SOURCES OF PERMANENT FUNDS

Art Exchange Equity			\$4,200,000		
Capital Campaign	\$ 4,200,000				
Non-Profit Bond Financing	4.00% 30 year amortization		\$11,905,321		
TOTAL SOURCES OF PERMANENT FUNDS			\$16,105,321		

Construction Loan	\$11,905,321
Cost to Construction Loan Ratio	73.9%

Amortization Table Permanent Mortgage

Interest	4.00%	7.00%	5.25%
Term	30	20	30
Amortization Rat	0.0047742	0.0113548	0.005522
Monthly Payment	\$56,838	\$55,996	\$65,741
Mortgage	\$11,905,321	\$4,931,460	\$11,905,321
Annual Mortgage	\$682,060.60	\$671,948.90	

Source: Marie Jones Consulting, 2003

Appendix I: Art Exchange Development Proforma**40,000 SF Facility**

Date: 1/7/2004

		Annual Escalation											
Studio Annual Rent Increase		2.5%											
Parking Annual Rate Increase		2.5%											
Annual Op Exp Increase		2.5%											
Event Escalation		2.5%											
				Rent	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Year 1 1/1/2004	Year 2 1/1/2005	
Rental Income				Percent									
Market Rate Studios	12,397	SF	90%	\$ 1.25 /SF	15,496	15,496	15,496	15,496	15,496	15,496	185,949	190,598	
Industrial Studio	3,250			\$ 1.25 /SF	4,063	4,063	4,063	4,063	4,063	4,063	48,750	49,969	
Hot Glass Studio	1,700			\$ 1.25 /SF	2,125	2,125	2,125	2,125	2,125	2,125	25,500	26,138	
Subsidized Studios	1,377	SF	10%	\$ 1.00 /SF	1,377	1,377	1,377	1,377	1,377	1,377	16,529	16,942	
Classroom Space	3,470			\$ 1.25 /SF	4,338	4,338	4,338	4,338	4,338	4,338	52,050	53,351	
Parking Revenues	126	Spaces	\$6/space/day	\$ 180 /space	22,680	22,680	22,680	22,680	22,680	22,680	272,160	280,325	
Gallery & Gift Shop	1,764	SF		\$ 1.50 /SF	2,646	2,646	2,646	2,646	2,646	2,646	31,752	32,705	
Event Income	3,290	SF		\$2,500 /event	2,500	5,000	7,500	7,500	12,500	10,000	112,500	125,000	
Number of Events					1	2	3	3	5	4	45	50	
Gross Scheduled Income					55,224	57,724	60,224	60,224	65,224	62,724	745,190	775,027	
Vacancy Rate	Rent up reserves cover first 5 months of shortage				65%	50%	40%	30%	20%	5%	5%	5%	
Income Loss Due to Studio Vacancy					-	-	-	-	-	3,136	22,328	38,751	
Gross Effective Income					55,224	57,724	60,224	60,224	65,224	59,588	722,861	736,275	
Commercial Expenses*				Cost/sq ft /sf	Annual Cost	Monthly Cost							
Event & Facility Management				\$ 2.50	\$ 100,000	\$ 8,333	8,333	8,333	8,333	8,333	100,000	102,500	
Maintenance				\$ 1.25 /sf	\$ 25,610	\$ 2,134	2,134	2,134	2,134	2,134	25,610	26,250	
Utilities				\$ 1.40 /sf	\$ 19,284	\$ 1,607	1,607	1,607	1,607	1,607	19,284	19,766	
Insurance				\$ 0.65 /sf	\$ 17,793	\$ 1,483	1,483	1,483	1,483	1,483	17,793	18,238	
Misc.				\$ 1.00 /sf	\$ 40,000	\$ 3,333	3,333	3,333	3,333	3,333	40,000	41,000	
Total				\$ 6.80	\$ 202,687	\$ 16,891					-		
Total Operating Expenses					16,891	16,891	16,891	16,891	16,891	16,891	202,687	207,754	
Net Commercial Operating Income					38,334	40,834	43,334	43,334	48,334	42,697	520,175	528,521	
Debt Service	4.00%	30 year term			41,845	41,845	41,845	41,845	41,845	41,845	502,143	502,143	
Cash Flow After Debt					(3,512)	(1,012)	1,488	1,488	6,488	852	18,031	26,378	
Operating Reserves	3.0%				-	-	1,807	1,807	1,957	1,882	3750	3,844	
NET CASH FLOW AFTER RESERVES					(3,512)	(1,012)	(318)	(318)	4,532	(1,030)	14,281	22,534	
EVALUATION													
Debt Coverage Ratio	1.04											1.04	1.05
Standard Debt Coverage Ratio is 1.2 (Net Operating Income/Annual Debt Service)													

Source: Marie Jones Consulting, 2003

Appendix I: Art Exchange Development**40,000 SF Facility**

Date: 1/7/2004

		Annual Escalat								
Studio Annual Rent Increase		2.5%								
Parking Annual Rate Increase		2.5%								
Annual Op Exp Increase		2.5%								
Event Escalation		2.5%								
		Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
		1/1/2006	1/1/2007	1/1/2008	1/1/2009	1/1/2010	1/1/2011	1/1/2012	1/1/2013	
Rental Income										
Market Rate Studios	12,397 SF	195,363	200,247	205,253	210,384	215,644	221,035	226,561	232,225	
Industrial Studio	3,250	51,218	52,498	53,811	55,156	56,535	57,948	59,397	60,882	
Hot Glass Studio	1,700	26,791	27,461	28,147	28,851	29,572	30,311	31,069	31,846	
Subsidized Studios	1,377 SF	17,366	17,800	18,245	18,701	19,168	19,648	20,139	20,642	
Classroom Space	3,470	54,685	56,052	57,453	58,890	60,362	61,871	63,418	65,003	
Parking Revenues	126 Spa	288,735	297,397	306,318	315,508	324,973	334,722	344,764	355,107	
Gallery & Gift Shop	1,764 SF	33,686	34,696	35,737	36,809	37,914	39,051	40,222	41,429	
Event Income	3,290 SF	140,938	157,594	174,995	193,167	212,139	231,939	252,596	274,141	
Number of Events		55	60	65	70	75	80	85	90	
Gross Scheduled Income		808,780	843,744	879,960	917,466	956,307	996,526	1,038,166	1,081,275	
Vacancy Rate	Rent up reserv	5%	5%	5%	5%	5%	5%	5%	5%	
Income Loss Due to Studio Vacancy		40,439	42,187	43,998	45,873	47,815	49,826	51,908	54,064	
Gross Effective Income		768,341	801,557	835,962	871,593	908,492	946,699	986,258	1,027,212	
Commercial Expenses*										
Event & Facility Management		105,063	107,689	110,381	113,141	115,969	118,869	121,840	124,886	
Maintenance		26,907	27,579	28,269	28,975	29,700	30,442	31,203	31,983	
Utilities		20,260	20,766	21,285	21,818	22,363	22,922	23,495	24,083	
Insurance		18,694	19,161	19,640	20,131	20,635	21,150	21,679	22,221	
Misc.		42,025	43,076	44,153	45,256	46,388	47,547	48,736	49,955	
Total										
Total Operating Expenses		212,948	218,271	223,728	229,321	235,054	240,931	246,954	253,128	
Net Commercial Operating Income		555,393	583,286	612,233	642,272	673,438	705,769	739,304	774,084	
Debt Service		502,143	502,143	502,143	502,143	502,143	502,143	502,143	502,143	
Cash Flow After Debt		53,250	81,142	110,090	140,128	171,294	203,625	237,160	271,940	
Operating Reserves	3.0%	3,940	4,038	4,139	4,243	4,349	4,458	4,569	4,683	
NET CASH FLOW AFTER RESERVES		49,310	77,104	105,951	135,886	166,945	199,168	232,591	267,257	
EVALUATION										
Debt Coverage Ratio	1.04	1.11	1.16	1.22	1.28	1.34	1.41	1.47	1.54	
Standard Debt Coverage Ratio is 1.2 (Net Operat										

Source: Marie Jones Consulting, 2003

Appendix J: Art Exchange Development Proforma

52,000 SF Facility												
Date: January 5,2003												
Annual Escalation												
Studio Annual Rent Increase		2.5%										
Parking Annual Rate Increase		2.5%										
Annual Op Exp Increase		2.5%										
Event Rental Escalation		2.5%										
				Rent	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Year 1 1/1/2004	
Rental Income				Percent								
Market Rate Studios	18,662	SF	90%	\$ 1.25 /SF	23,328	23,328	23,328	23,328	23,328	23,328	279,936	
Industrial Studio	3,250			\$ 1.25 /SF	4,063	4,063	4,063	4,063	4,063	4,063	48,750	
Hot Glass Studio	1,700			\$ 1.25 /SF	2,125	2,125	2,125	2,125	2,125	2,125	25,500	
Subsidized Studios	2,074	SF	10%	\$ 1.00 /SF	2,074	2,074	2,074	2,074	2,074	2,074	24,883	
Classroom Space	5,740			\$ 1.25 /SF	7,175	7,175	7,175	7,175	7,175	7,175	86,100	
Parking Revenues	205	Spaces	\$6/space/day	\$ 180 /space	36,900	36,900	36,900	36,900	36,900	36,900	442,800	
Gallery & Gift Shop	1,764	SF		\$ 1.50	2,646	2,646	2,646	2,646	2,646	2,646	31,752	
Event Income	3,290	SF		\$2,500 /event	-	2,500	5,000	7,500	10,000	10,000	112,500	
Number of Events					-	1	2	3	4	4	45	
Gross Scheduled Income					78,310	80,810	83,310	85,810	88,310	88,310	1,052,221	
Vacancy Rate					65%	50%	40%	30%	20%	5%	5%	
Income Loss Due to Studio Vacancy					-	-	-	-	-	4,416	31,784	
Gross Effective Income					78,310	80,810	83,310	85,810	88,310	83,895	1,020,438	
Commercial Expenses*												
				Cost	Annual Cost	Monthly Cost						
Event & Facility Management				\$ 3.17 /sf	\$ 165,000	\$ 13,750	13,750	13,750	13,750	13,750	13,750	165,000
Maintenance				\$ 1.25 /sf	\$ 34,313	\$ 2,859	2,859	2,859	2,859	2,859	2,859	34,313
Utilities				\$ 1.40 /sf	\$ 29,030	\$ 2,419	2,419	2,419	2,419	2,419	2,419	29,030
Insurance				\$ 0.65 /sf	\$ 23,845	\$ 1,987	1,987	1,987	1,987	1,987	1,987	23,845
Misc.				\$ 1.51 /sf	\$ 55,000	\$ 4,583	4,583	4,583	4,583	4,583	4,583	55,000
Total				\$ 7.98 /sf	\$ 307,188	\$ 25,599						-
Total Operating Expenses						25,599	25,599	25,599	25,599	25,599	25,599	307,188
Net Commercial Operating Income						52,711	55,211	57,711	60,211	62,711	58,296	713,250
Debt Service					4.00%	30 year term	56,838	56,838	56,838	56,838	56,838	682,061
Cash Flow After Debt						(4,127)	(1,627)	873	3,373	5,873	1,457	31,189
Operating Reserves					3.0%	-	-	2,499	2,574	2,649	2,649	26,793
NET CASH FLOW AFTER RESERVES						(4,127)	(1,627)	(1,627)	798	3,223	(1,192)	4,396
EVALUATION												
Debt Coverage Ratio				1.05	Standard Debt Coverage Ratio is 1.2 (Net Operating Income/Annual Debt Service)						1.05	
Cap Rate				4.4%	Standard Cap Rate is 8 to 10% (Net Operating Income/Property Value)						4.4%	
Total Reserves at Year Ten				\$ 374,385								

Source: Marie Jones Consulting, 2003

Appendix J: Art Exchange Development

52,000 SF Facility										
Date: January 5, 2003										
		Annual Escalation								
Studio Annual Rent Increase		2.5%								
Parking Annual Rate Increase		2.5%								
Annual Op Exp Increase		2.5%								
Event Rental Escalation		2.5%								
		Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		1/1/2005	1/1/2006	1/1/2007	1/1/2008	1/1/2009	1/1/2010	1/1/2011	1/1/2012	1/1/2013
Rental Income										
Market Rate Studios	18,662 SF	286,934	294,108	301,460	308,997	316,722	324,640	332,756	341,075	349,602
Industrial Studio	3,250	49,969	51,218	52,498	53,811	55,156	56,535	57,948	59,397	60,882
Hot Glass Studio	1,700	26,138	26,791	27,461	28,147	28,851	29,572	30,311	31,069	31,846
Subsidized Studios	2,074 SF	25,505	26,143	26,796	27,466	28,153	28,857	29,578	30,318	31,076
Classroom Space	5,740	88,253	90,459	92,720	95,038	97,414	99,850	102,346	104,904	107,527
Parking Revenues	205 Spa	456,084	469,767	483,860	498,375	513,327	528,726	544,588	560,926	577,754
Gallery & Gift Shop	1,764 SF	32,705	33,686	34,696	35,737	36,809	37,914	39,051	40,222	41,429
Event Income	3,290 SF	125,000	153,750	170,727	188,456	206,965	226,282	246,435	267,454	289,371
Number of Events		50	60	65	70	75	80	85	90	95
Gross Scheduled Income		1,090,587	1,145,921	1,190,219	1,236,028	1,283,397	1,332,375	1,383,014	1,435,366	1,489,486
Vacancy Rate	Rent up reserves (5%	5%	5%	5%	5%	5%	5%	5%	5%
Income Loss Due to Studio Vacancy		54,529	57,296	59,511	61,801	64,170	66,619	69,151	71,768	74,474
Gross Effective Income		1,036,058	1,088,625	1,130,708	1,174,227	1,219,227	1,265,756	1,313,863	1,363,598	1,415,012
Commercial Expenses*										
Event & Facility Management		169,125	173,353	177,687	182,129	186,682	191,349	196,133	201,036	206,062
Maintenance		35,170	36,050	36,951	37,875	38,821	39,792	40,787	41,806	42,852
Utilities		29,756	30,500	31,263	32,044	32,845	33,666	34,508	35,371	36,255
Insurance		24,441	25,052	25,679	26,321	26,979	27,653	28,345	29,053	29,779
Misc.		56,375	57,784	59,229	60,710	62,227	63,783	65,378	67,012	68,687
Total										
Total Operating Expenses		314,868	322,740	330,808	339,078	347,555	356,244	365,150	374,279	383,636
Net Commercial Operating Income		721,190	765,885	799,900	835,148	871,672	909,512	948,713	989,319	1,031,376
Debt Service		682,061	682,061	682,061	682,061	682,061	682,061	682,061	682,061	682,061
Cash Flow After Debt		39,129	83,824	117,839	153,088	189,611	227,452	266,652	307,258	349,315
Operating Reserves	3.0%	32,718	34,378	35,707	37,081	38,502	39,971	41,490	43,061	44,685
NET CASH FLOW AFTER RESERVES		6,412	49,447	82,133	116,007	151,109	187,481	225,162	264,197	304,631
EVALUATION										
Debt Coverage Ratio		1.05	1.06	1.12	1.17	1.22	1.28	1.33	1.39	1.45
Cap Rate		4.4%	4.5%	4.8%	5.0%	5.2%	5.4%	5.6%	5.9%	6.1%
Total Reserves at Year Ten \$		374,385								

Source: Marie Jones Consulting, 2003

Appendix K: Art Exchange Programing Operations Proforma, 40,000 SF Facility

	Cost Escalation 3%									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue										
Gross Effective Income (Studios & Parking)	\$ 548,888	\$ 563,971	\$ 579,472	\$ 595,402	\$ 611,774	\$ 628,600	\$ 645,893	\$ 663,665	\$ 681,930	\$ 700,702
Course Income/Tuition (\$200/student)	\$ 150,000	\$ 150,000	\$ 180,000	\$ 210,000	\$ 225,000	\$ 225,000	\$ 225,000	\$ 225,000	\$ 225,000	\$ 225,000
Course Supplies (\$50/student)	\$ 37,500	\$ 37,500	\$ 45,000	\$ 52,500	\$ 56,250	\$ 56,250	\$ 56,250	\$ 56,250	\$ 56,250	\$ 56,250
Courses Offered	50	50	60	70	75	75	75	75	75	75
Students	750	750	900	1050	1125	1125	1125	1125	1125	1125
Event Income	\$ 112,500	\$ 125,000	\$ 140,938	\$ 157,594	\$ 174,995	\$ 193,167	\$ 212,139	\$ 231,939	\$ 252,596	\$ 274,141
Number of Events/Year	45	50	55	60	65	70	75	80	85	90
Membership Dues	\$ 5,000	\$ 5,125	\$ 5,253	\$ 5,384	\$ 5,519	\$ 5,657	\$ 5,798	\$ 5,943	\$ 6,092	\$ 6,244
Fundraising/Grants	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Gallery & Product Sales (\$40/sq ft)	\$ 70,560	\$ 73,382	\$ 76,318	\$ 79,370	\$ 82,545	\$ 85,847	\$ 89,281	\$ 92,852	\$ 96,566	\$ 100,429
Total	\$ 1,124,448	\$ 1,154,978	\$ 1,226,980	\$ 1,300,251	\$ 1,356,083	\$ 1,394,521	\$ 1,434,361	\$ 1,475,649	\$ 1,518,434	\$ 1,562,766
Expenses (a)										
Administrative Staff Payroll	\$ 275,000	\$ 286,375	\$ 317,909	\$ 329,607	\$ 366,472	\$ 375,634	\$ 383,872	\$ 392,315	\$ 400,970	\$ 409,841
Executive Director/Facility Manager	\$ 70,000	\$ 71,750	\$ 73,544	\$ 75,382	\$ 77,267	\$ 79,199	\$ 81,179	\$ 83,208	\$ 85,288	\$ 87,420
Gallery Manager/Receptionist	\$ 35,000	\$ 35,875	\$ 36,772	\$ 37,691	\$ 38,633	\$ 39,599	\$ 40,589	\$ 41,604	\$ 42,644	\$ 43,710
Arts Education Program Manager	\$ 55,000	\$ 56,375	\$ 57,784	\$ 59,229	\$ 60,710	\$ 62,227	\$ 63,783	\$ 65,378	\$ 67,012	\$ 68,687
Arts Education Coordinator (b)			\$ 20,000	\$ 20,000	\$ 45,000	\$ 46,125	\$ 46,125	\$ 46,125	\$ 46,125	\$ 46,125
Office/Bussiness Manager	\$ 40,000	\$ 41,000	\$ 42,025	\$ 43,076	\$ 44,153	\$ 45,256	\$ 46,388	\$ 47,547	\$ 48,736	\$ 49,955
Event Manager (b)	\$ 20,000	\$ 25,000	\$ 30,000	\$ 35,000	\$ 40,000	\$ 41,000	\$ 42,025	\$ 43,076	\$ 44,153	\$ 45,256
Benefits & Taxes (25%)	\$ 55,000	\$ 56,375	\$ 57,784	\$ 59,229	\$ 60,710	\$ 62,227	\$ 63,783	\$ 65,378	\$ 67,012	\$ 68,687
Management & General	\$ 622,787	\$ 625,803	\$ 628,895	\$ 632,063	\$ 635,311	\$ 638,641	\$ 642,053	\$ 645,551	\$ 649,136	\$ 652,811
Advertising/Promotion/Communications	\$ 10,000	\$ 10,250	\$ 10,506	\$ 10,769	\$ 11,038	\$ 11,314	\$ 11,597	\$ 11,887	\$ 12,184	\$ 12,489
Auto Expense	\$ 2,000	\$ 2,050	\$ 2,101	\$ 2,154	\$ 2,208	\$ 2,263	\$ 2,319	\$ 2,377	\$ 2,437	\$ 2,498
Bookkeeping	\$ 15,000	\$ 15,375	\$ 15,759	\$ 16,153	\$ 16,557	\$ 16,971	\$ 17,395	\$ 17,830	\$ 18,276	\$ 18,733
Dues/fees education	\$ 250	\$ 256	\$ 263	\$ 269	\$ 276	\$ 283	\$ 290	\$ 297	\$ 305	\$ 312
Equipment rental	\$ 2,500	\$ 2,563	\$ 2,627	\$ 2,692	\$ 2,760	\$ 2,829	\$ 2,899	\$ 2,972	\$ 3,046	\$ 3,122
Insurance	\$ 15,000	\$ 15,375	\$ 15,759	\$ 16,153	\$ 16,557	\$ 16,971	\$ 17,395	\$ 17,830	\$ 18,276	\$ 18,733
Interest Expenses	\$ 1,000	\$ 1,025	\$ 1,051	\$ 1,077	\$ 1,104	\$ 1,131	\$ 1,160	\$ 1,189	\$ 1,218	\$ 1,249
Janitorial	\$ 1,000	\$ 1,025	\$ 1,051	\$ 1,077	\$ 1,104	\$ 1,131	\$ 1,160	\$ 1,189	\$ 1,218	\$ 1,249
Office Supply	\$ 10,000	\$ 10,250	\$ 10,506	\$ 10,769	\$ 11,038	\$ 11,314	\$ 11,597	\$ 11,887	\$ 12,184	\$ 12,489
Postage/Shipping	\$ 6,000	\$ 6,150	\$ 6,304	\$ 6,461	\$ 6,623	\$ 6,788	\$ 6,958	\$ 7,132	\$ 7,310	\$ 7,493
Printing/Copying	\$ 12,000	\$ 12,300	\$ 12,608	\$ 12,923	\$ 13,246	\$ 13,577	\$ 13,916	\$ 14,264	\$ 14,621	\$ 14,986
Rent/Mortgage	\$ 502,143	\$ 502,143	\$ 502,143	\$ 502,143	\$ 502,143	\$ 502,143	\$ 502,143	\$ 502,143	\$ 502,143	\$ 502,143
Repairs/Maintenace	\$ 25,610	\$ 26,250	\$ 26,907	\$ 27,579	\$ 28,269	\$ 28,975	\$ 29,700	\$ 30,442	\$ 31,203	\$ 31,983
Travel/entertainment	\$ 1,000	\$ 1,025	\$ 1,051	\$ 1,077	\$ 1,104	\$ 1,131	\$ 1,160	\$ 1,189	\$ 1,218	\$ 1,249
Utilities	\$ 19,284	\$ 19,766	\$ 20,260	\$ 20,766	\$ 21,285	\$ 21,818	\$ 22,363	\$ 22,922	\$ 23,495	\$ 24,083
Gallery Expenses	\$ 35,280	\$ 36,691	\$ 38,159	\$ 39,685	\$ 41,273	\$ 42,924	\$ 44,640	\$ 46,426	\$ 48,283	\$ 50,214
Art expenses (50% of galary sales)	\$ 35,280	\$ 36,691	\$ 38,159	\$ 39,685	\$ 41,273	\$ 42,924	\$ 44,640	\$ 46,426	\$ 48,283	\$ 50,214
Education Expenses	\$ 108,750	\$ 109,125	\$ 128,259	\$ 147,403	\$ 157,182	\$ 157,596	\$ 158,020	\$ 158,455	\$ 158,901	\$ 159,358
Contract Labor (50% of Tuition)	\$ 75,000	\$ 75,000	\$ 90,000	\$ 105,000	\$ 112,500	\$ 112,500	\$ 112,500	\$ 112,500	\$ 112,500	\$ 112,500
Shop Expenses	\$ 15,000	\$ 15,375	\$ 15,759	\$ 16,153	\$ 16,557	\$ 16,971	\$ 17,395	\$ 17,830	\$ 18,276	\$ 18,733
Course Materials (50% of Materials Sales)	\$ 18,750	\$ 18,750	\$ 22,500	\$ 26,250	\$ 28,125	\$ 28,125	\$ 28,125	\$ 28,125	\$ 28,125	\$ 28,125
Event Expenses (30% of Event Income)	\$ 33,750	\$ 37,500	\$ 42,281	\$ 47,278	\$ 52,498	\$ 57,950	\$ 63,642	\$ 69,582	\$ 75,779	\$ 82,242
Fundarsining Expenses	\$ 10,000	\$ 10,250	\$ 10,506	\$ 10,769	\$ 11,038	\$ 11,314	\$ 11,597	\$ 11,887	\$ 12,184	\$ 12,489
Total	\$ 1,085,567	\$ 1,105,744	\$ 1,166,010	\$ 1,206,806	\$ 1,263,775	\$ 1,284,059	\$ 1,303,824	\$ 1,324,216	\$ 1,345,253	\$ 1,366,955
Surplus (Deficit)	\$ 38,881	\$ 49,234	\$ 60,970	\$ 93,445	\$ 92,308	\$ 110,463	\$ 130,537	\$ 151,433	\$ 173,181	\$ 195,811

Source: Marie Jones Consulting, 2003

Notes: (a) cost escalation is 2.5%

(b) The event manager and arts coordinator positions will be part-time for the first four years of operation, becoming full-time positions by year five.

Appendix L: Art Exchange Programing Operations Proforma, 52,000 SF Facility

	Cost Escalation	2.5%									
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue											
Gross Effective Income (Studios & Parking)	\$	796,986	\$ 819,125	\$ 841,883	\$ 865,279	\$ 889,330	\$ 914,056	\$ 939,474	\$ 965,604	\$ 992,467	\$ 1,020,083
Course Income/Tuition (\$200/student)	\$	150,000	\$ 150,000	\$ 180,000	\$ 210,000	\$ 240,000	\$ 270,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Course Supplies (\$50/student)	\$	37,500	\$ 37,500	\$ 54,000	\$ 73,500	\$ 96,000	\$ 121,500	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Courses Offered		50	50	60	70	80	90	100	100	100	100
Students		750	750	900	1050	1200	1350	1500	1500	1500	1500
Event Income	\$	112,500	\$ 125,000	\$ 153,750	\$ 170,727	\$ 188,456	\$ 206,965	\$ 226,282	\$ 246,435	\$ 267,454	\$ 289,371
Number of Events/Year		45	50	60	65	70	75	80	85	90	95
Membership Dues	\$	5,000	\$ 5,125	\$ 5,253	\$ 5,384	\$ 5,519	\$ 5,657	\$ 5,798	\$ 5,943	\$ 6,092	\$ 6,244
Fundraising/Grants	\$	185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000
Gallery & Product Sales (\$40/sq ft)	\$	70,560	\$ 73,382	\$ 76,318	\$ 79,370	\$ 82,545	\$ 85,847	\$ 89,281	\$ 92,852	\$ 96,566	\$ 100,429
Total		1,357,546	\$ 1,395,132	\$ 1,496,204	\$ 1,589,261	\$ 1,686,851	\$ 1,789,024	\$ 1,895,835	\$ 1,945,834	\$ 1,997,580	\$ 2,051,127
Expenses (a)											
Administrative Staff Payroll	\$	281,250	\$ 292,781	\$ 359,476	\$ 432,713	\$ 477,655	\$ 489,597	\$ 501,837	\$ 514,383	\$ 527,242	\$ 540,423
Executive Director/Facility Manager	\$	80,000	\$ 82,000	\$ 84,050	\$ 86,151	\$ 88,305	\$ 90,513	\$ 92,775	\$ 95,095	\$ 97,472	\$ 99,909
Gallery Manager	\$	35,000	\$ 35,875	\$ 36,772	\$ 37,691	\$ 38,633	\$ 39,599	\$ 40,589	\$ 41,604	\$ 42,644	\$ 43,710
Receptionist						\$ 30,000	\$ 30,750	\$ 31,519	\$ 32,307	\$ 33,114	\$ 33,942
Arts Education Program Manager	\$	60,000	\$ 61,500	\$ 63,038	\$ 64,613	\$ 66,229	\$ 67,884	\$ 69,582	\$ 71,321	\$ 73,104	\$ 74,932
Arts Education Marketing & Coordination				\$ 55,000	\$ 56,375	\$ 57,784	\$ 59,229	\$ 60,710	\$ 62,227	\$ 63,783	\$ 65,378
Office Manager	\$	30,000	\$ 30,750	\$ 31,519	\$ 32,307	\$ 33,114	\$ 33,942	\$ 34,791	\$ 35,661	\$ 36,552	\$ 37,466
Business Manager					\$ 60,000	\$ 61,500	\$ 63,038	\$ 64,613	\$ 66,229	\$ 67,884	\$ 69,582
Event Manager (b)	\$	20,000	\$ 25,000	\$ 30,000	\$ 35,000	\$ 40,000	\$ 41,000	\$ 42,025	\$ 43,076	\$ 44,153	\$ 45,256
Benefits & Taxes (25%)	\$	56,250	\$ 57,656	\$ 59,098	\$ 60,575	\$ 62,089	\$ 63,642	\$ 65,233	\$ 66,864	\$ 68,535	\$ 70,249
Management & General	\$	851,453	\$ 855,688	\$ 860,029	\$ 864,478	\$ 869,039	\$ 873,713	\$ 878,504	\$ 883,416	\$ 888,449	\$ 893,609
Advertising/Promotion/Communications	\$	15,000	\$ 15,375	\$ 15,759	\$ 16,153	\$ 16,557	\$ 16,971	\$ 17,395	\$ 17,830	\$ 18,276	\$ 18,733
Auto Expense	\$	3,000	\$ 3,075	\$ 3,152	\$ 3,231	\$ 3,311	\$ 3,394	\$ 3,479	\$ 3,566	\$ 3,655	\$ 3,747
Bookkeeping	\$	15,000	\$ 15,375	\$ 15,759	\$ 16,153	\$ 16,557	\$ 16,971	\$ 17,395	\$ 17,830	\$ 18,276	\$ 18,733
Dues/fees education	\$	250	\$ 256	\$ 263	\$ 269	\$ 276	\$ 283	\$ 290	\$ 297	\$ 305	\$ 312
Equipment rental	\$	2,500	\$ 2,563	\$ 2,627	\$ 2,692	\$ 2,760	\$ 2,829	\$ 2,899	\$ 2,972	\$ 3,046	\$ 3,122
Insurance	\$	25,000	\$ 25,625	\$ 26,266	\$ 26,922	\$ 27,595	\$ 28,285	\$ 28,992	\$ 29,717	\$ 30,460	\$ 31,222
Interest Expenses	\$	1,000	\$ 1,025	\$ 1,051	\$ 1,077	\$ 1,104	\$ 1,131	\$ 1,160	\$ 1,189	\$ 1,218	\$ 1,249
Janitorial	\$	1,300	\$ 1,333	\$ 1,366	\$ 1,400	\$ 1,435	\$ 1,471	\$ 1,508	\$ 1,545	\$ 1,584	\$ 1,624
Office Supply	\$	15,000	\$ 15,375	\$ 15,759	\$ 16,153	\$ 16,557	\$ 16,971	\$ 17,395	\$ 17,830	\$ 18,276	\$ 18,733
Postage/Shipping	\$	8,000	\$ 8,200	\$ 8,405	\$ 8,615	\$ 8,831	\$ 9,051	\$ 9,278	\$ 9,509	\$ 9,747	\$ 9,991
Printing/Copying	\$	18,000	\$ 18,450	\$ 18,911	\$ 19,384	\$ 19,869	\$ 20,365	\$ 20,874	\$ 21,396	\$ 21,931	\$ 22,480
Rent/Mortgage	\$	682,061	\$ 682,061	\$ 682,061	\$ 682,061	\$ 682,061	\$ 682,061	\$ 682,061	\$ 682,061	\$ 682,061	\$ 682,061
Repairs/Maintenace	\$	34,313	\$ 35,170	\$ 36,050	\$ 36,951	\$ 37,875	\$ 38,821	\$ 39,792	\$ 40,787	\$ 41,806	\$ 42,852
Travel/entertainment	\$	2,000	\$ 2,050	\$ 2,101	\$ 2,154	\$ 2,208	\$ 2,263	\$ 2,319	\$ 2,377	\$ 2,437	\$ 2,498
Utilities	\$	29,030	\$ 29,756	\$ 30,500	\$ 31,263	\$ 32,044	\$ 32,845	\$ 33,666	\$ 34,508	\$ 35,371	\$ 36,255
Gallery Expenses	\$	35,280	\$ 36,691	\$ 38,159	\$ 39,685	\$ 41,273	\$ 42,924	\$ 44,640	\$ 46,426	\$ 48,283	\$ 50,214
Art expenses (50% of galary sales)	\$	35,280	\$ 36,691	\$ 38,159	\$ 39,685	\$ 41,273	\$ 42,924	\$ 44,640	\$ 46,426	\$ 48,283	\$ 50,214
Education Expenses	\$	108,750	\$ 109,125	\$ 132,759	\$ 157,903	\$ 184,557	\$ 212,721	\$ 242,395	\$ 242,830	\$ 243,276	\$ 243,733
Contract Labor (50% of Tuition)	\$	75,000	\$ 75,000	\$ 90,000	\$ 105,000	\$ 120,000	\$ 135,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Shop Expenses	\$	15,000	\$ 15,375	\$ 15,759	\$ 16,153	\$ 16,557	\$ 16,971	\$ 17,395	\$ 17,830	\$ 18,276	\$ 18,733
Course Supplies (50% of supplies sales)	\$	18,750	\$ 18,750	\$ 27,000	\$ 36,750	\$ 48,000	\$ 60,750	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Event Expenses (30% of event income)	\$	33,750	\$ 37,500	\$ 46,125	\$ 51,218	\$ 56,537	\$ 62,089	\$ 67,884	\$ 73,930	\$ 80,236	\$ 86,811
Fundarsining Expenses	\$	10,000	\$ 10,250	\$ 10,506	\$ 10,769	\$ 11,038	\$ 11,314	\$ 11,597	\$ 11,887	\$ 12,184	\$ 12,489
Total	\$	1,320,483	\$ 1,342,036	\$ 1,447,054	\$ 1,556,766	\$ 1,640,099	\$ 1,692,358	\$ 1,746,859	\$ 1,772,872	\$ 1,799,671	\$ 1,827,280
Surplus (Deficit)	\$	37,063	\$ 53,096	\$ 49,150	\$ 32,494	\$ 46,752	\$ 96,666	\$ 148,976	\$ 172,963	\$ 197,908	\$ 223,848

Source: Marie Jones Consulting, 2003

Notes: (a) cost escalation is 2.5%

(b) The event manager position will be part-time for the first four years of operation, becoming a full-time position by year five.

Appendix M: Case Study Demographic Profiles

Facility	Art Exchange & The Brewery		Torpedo Factory	Crucible/ ActiveSpace	Rockville Art Center	Emerson Umbrella	U.S.
County	Long Beach, CA	Los Angeles County	Alexandria, VA Alexandria City County	Oakland, CA Alameda County, CA	Rockville, MD Montgomery County, MD	Concord, MA Middlesex County, MA	
Total population	461,522	9,637,494	128,773	1,458,420	891,347	1,463,454	100%
Percent under 5 years	8.4%	7.4%	6.2%	6.8%	7%	6.3%	6.80%
Percent 18 years+	29.2%	28.0%	16.8%	24.6%	25%	22.5%	74.30%
Percent 65 years+	9.1%	9.7%	9.0%	10.0%	11%	12.8%	12.40%
Housing & Family Size							
Average household size	2.77	2.98	2.04	2.71	2.66	2.52	2.59
Owner-occupied housing units	41%	48%	40%	54.7%	69%	62%	66.20%
Renter-occupied housing units	59%	42%	60%	37.6%	31%	46%	33.80%
Race (%)							
White	45%	49%	60%	49%	65%	86%	75.10%
Black or African American	15%	10%	23%	15%	15%	3%	12.30%
Asian	12%	12%	6%	20%	11%	6%	3.60%
Some other race	23%	24%	8%	9%	5%	2%	5.50%
Two or more races	5%	5%	4%	6%	3%	2%	2.40%
Hispanic or Latino (of any race)	36%	45%	15%	19%	12%	5%	12.50%
Social Statistics (%)							
High school graduate or higher	73%	70%	87%	82%	90%	89%	80.40%
Bachelor's degree or higher	24%	25%	54%	35%	55%	44%	24.40%
Speak language other than English at home (5 years+)	44%	54%	30%	37%	32%	20%	17.90%
Economic Characteristics							
Median household income (\$)	\$ 37,270	\$ 42,189	\$ 56,054	\$ 55,946	\$ 71,551	\$ 60,821	\$ 41,994
Per capita income (\$)	\$ 19,040	\$ 20,683	\$ 37,645	\$ 26,680	\$ 35,684	\$ 31,199	\$ 21,857
Families below poverty level (%)	19%	18%	9%	11%	5%	7%	9.20%

Source: MJC, 2004; U.S. Census Bureau, Summary File 1 (SF 1) and Summary File 3 (SF 3)

Appendix N: About the Study Author and MJC

MJC provides comprehensive economic development services to public, private, non-profit, and institutional clients throughout California. MJC develops practical solutions to enhance the economic sustainability of projects, organizations and communities. MJC seeks to transform your vision into reality by providing the following areas of expertise:

- Economic Development
- Development Feasibility
- Market Analysis
- Green Building
- Green Purchasing
- Community and Non-profit Facilities
- Development Proposals
- Grant Writing

A woman-owned business, Marie Jones Consulting provides excellent service and prompt turn around at an affordable cost.

Marie Jones has worked with a variety of public, private, and non-profit organizations. Projects reflect the firm's commitment to quality, sustainability, and the formulation and development of meaningful places. A sample of clients and projects include:

City of San Francisco	U.S. Mint Reuse Feasibility Study
Glen Park Marketplace	Mixed-Use Project Feasibility Study
Public Health Initiative	Multi-Tenant Facility Feasibility Study
The Management Center	Multi-Tenant Facility Feasibility Study
9 th Street Media Coalition	Arts Facility Feasibility Study
Portland Development Commission	Economic Development Strategy
City of Fort Bragg	Economic Development Plan
City of Long Beach	Green Building Policy Development
City of Benicia	Downtown Revitalization Strategy
Leopold Capital Strategies	Malibu Pier Development Proposal
San Francisco Grants for the Arts	Art Space Technical Assistance
California State University	Employee Housing Study of 12 Campuses
Treasure Island Development Authority	Developer Solicitation Advisory Services
N. California Community Loan Fund	Proposal Writing

Marie Jones, Principal

Jones brings over 15 years of experience in economic development, market analysis, training design and delivery, and proposal writing to her practice. Recent projects include: the preparation of a successful proposal and business plan for the development of the Malibu Pier, a feasibility and market analysis for a 40,000 square foot mixed-use facility, and the development of green building and environmentally preferable purchasing policies and implementation plans for the City of Long Beach, CA. Other work includes a market analysis and feasibility study for an 80,000 square

foot non-profit one-stop facility in San Francisco, and a reuse feasibility study for the historic 77,000 square foot Old Mint project in downtown San Francisco. She has also completed a comprehensive economic development strategy for downtown Portland, Oregon, a comprehensive faculty housing assessment for 13 campuses of California State University, and the provision of real estate advisory services, market analysis and feasibility studies for several other non-profit development projects. Marie Jones has written over \$9,000,000 worth of successful grant applications for the community and economic development, affordable housing, and education projects of a variety of clients.

Prior to starting her consulting firm, Marie Jones worked as a Senior Associate at Bay Area Economics where she specialized in market analysis, economic development and facility feasibility studies. While at Bay Area Economics, she completed economic development strategies for downtown Benicia, a market analysis for a conference and training center at NASA, a museum feasibility analysis, and market studies for low-income housing and retail developments.

Marie also served as the Director of Economic Development for the San Francisco Partnership, where she managed a comprehensive strategy to assist arts and human service non-profit organizations facing rapidly rising rents. For this critical project, Jones provided short-term assistance in the form of real estate matchmaking and technical assistance, and long-term assistance by writing successful proposals to fund a \$5 million equity grants program for the purchase of permanently affordable space. Jones now serves on the technical advisory committee for this fund. While at the San Francisco Partnership she also led efforts to attract and retain over 150 high technology and internet companies.

Jones also served as Manager of Economic Development for Diablo Valley College and Director of Training and Economic Development for the Michigan Manufacturing Technology Center, where she earned a national reputation as an excellent trainer for the Manufacturing Extension Partnership of the Department of Commerce. Earlier, she worked on low-income housing development in Ithaca, New York, and on the redevelopment of the earthquake-damaged downtown in Santa Cruz, California.

Ms. Jones holds a Masters of City Planning from Cornell University and a B.A. in Biology and Environmental Studies from University of California at Santa Cruz. She currently serves on the City of San Francisco's Grants for the Arts Citizen's Advisory Committee, the Northern California Community Loan Fund's Capital Space Grant Committee, the San Francisco Arts Commission's Cultural Equity Grant Committee, and as Board Chair of the Life's Work Center.

Marie is also an active glass artist.